CITY OF KEY COLONY BEACH, FLORIDA

Financial Statements

Fiscal Year Ended
September 30, 2025

CITY OF KEY COLONY BEACH, FLORIDA
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

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CITY OFFICIALS

CITY OF KEY COLONY BEACH, FLORIDA

FISCAL YEAR ENDED SEPTEMBER 30TH, 2025

ELECTED OFFICIALS

MAYOR

Freddie Foster, Mayor

COMMISSIONERS

Doug Colonell, Vice Mayor

Tom Harding, Secretary/Treasurer

Tom DiFransico

Kirk Diehl

CHAIR-UTILITY BOARD

Fred Swanson, Chair

CITY ADMINISTRATOR

John Bartus

FINANCIAL RELATED MANAGEMENT

Silvia Roussin, City Clerk

City of Key Colony Beach
P.O. BOX 141 KEY COLONY BEACH, FLORIDA 33051 • PHONE (305)-289-1212
FAX (305)-289-1767

March 17, 2026

To the Honorable Mayor,
Members of the Governing Council,
And Citizens of the City of Key Colony Beach:

It is our pleasure to submit to you the Comprehensive Annual Financial Report of the City of Key Colony Beach, Florida for the fiscal year ended September 30, 2025.

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 Key Colony Beach. 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 Key Colony Beach 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 Key Colony Beach's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Key Colony Beach'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 Key Colony Beach's financial statements have been audited by Smith, Buzzi & Associates, LLC, 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 Key Colony Beach for the fiscal year ended September 30, 2025, 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 unqualified opinion that the City of Key Colony Beach's financial statements for the fiscal year ended September 30, 2025, 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, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance"), if any, and Florida Single Audit Act in accordance with Chapter 10.550, Rules of the Auditor General. These standards require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are presented in the compliance section of this report.

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 MD&A and should be read in conjunction with it. The City of Key Colony Beach'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 Key Colony Beach, incorporated in September 1957, has a population of approximately 800 residents. Key Colony Beach is located in Unincorporated Monroe County. Key Colony Beach is described as the Gem of the Florida Keys. The City 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 operates under the mayor-commission form of government. Policy-making and legislative authority are vested in a governing commission consisting of the mayor and four other members. The City Commission is responsible, among other things, for passing ordinances, resolutions, and regulations governing the City, adopting the budget, and appointing the city attorney, and members of various boards. The City Administrator and Clerk are responsible for carrying out the policies and ordinances adopted by the City Commission, for overseeing the day-to-day operations of the City, appointing the heads of the various departments, and submission of the budget to City Commission for approval. The mayor and four council members are elected at large every four years.

The financial reporting entity (the City) 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.

The annual budget serves as the foundation for the City of Key Colony Beach's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Clerk. The City Administrator and Clerk use these requests as the starting point

for developing a proposed budget. This proposed budget is presented to City Commission for review prior to September 1. The City Commission 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's fiscal year. A budget-to-actual comparison of the City's various funds is included as other financial information on pages 57 to 60.

Factors Affecting Financial Condition

Local Economy

The Florida Keys are often referred to as the "American Caribbean" and the City is known as "The Gem of the Keys." Key Colony Beach'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 tourism 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 piece 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 Key Colony Beach's economic outlook is strong. Although, the economy has been flat for the previous several years, the tourism industry in the Florida Keys proved extremely resilient. Hurricane Irma, in September 2017, created a major disruption in the local economy that will take some time to fully recover from. During the prior fiscal years, the City has received funding to alleviate costs it incurred in clean up operations.

Long-term Financial Planning and Relevant Financial Policies

The City has developed a comprehensive financial plan to pay for the cost, operation and maintenance upgrade to state requirement standards for its wastewater utility systems necessary to comply with state standards.

The City has also been successful in securing below market rate loans through the state revolving loan fund program and has aggressively sought significant grant funding in order to lessen the cost burden on the local community. In 2008 the state of Florida authorized $200,000,000 in grant funding for Florida Keys water quality improvement projects. All local stakeholders have approved an interlocal agreement that sets forth the distribution of funds for the fiscal year. According to the interlocal agreement the City received funds which were used to construct a new Reverse Osmosis plant at the Wastewater Treatment facility.

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 preparation of this report would not have been accomplished without the dedicated and efficient service of the entire staff. We would like to express our appreciation to all members of the City and especially to Jennifer Johnson with Bishop & Rosasco 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, Smith, Buzzi & Associates, LLC, 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.

Credit must also be given to the Mayor and City Commission for their leadership and support for maintaining the highest standards of professionalism in the management of the City of Key Colony's finances.

Respectfully submitted,

Silvia Roussin
City Clerk

SMITH, BUZZI & ASSOCIATES, LLC.
CERTIFIED PUBLIC ACCOUNTANTS
9425 SUNSET DRIVE, SUITE 180
MIAMI, FLORIDA 33173
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JULIO M. BUZZI, C.P.A.
JOSE E. SMITH, C.P.A.

MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City Commission
City of Key Colony Beach, 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 Key Colony Beach, Florida (the "City") as of and for the fiscal year ended September 30, 2025, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, 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 Auditors' 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.

Auditors' 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 auditors' 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 an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-13 and 57-60 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 individual nonmajor fund financial statements and 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 for Federal Awards*, 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 individual nonmajor fund financial statements 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 auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Smith, Buzzi & Associates, LLC.

Miami, Florida
March 17, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Key Colony Beach's financial statements is intended to provide a narrative introduction to the basic financial statements and an analytical overview of the City's financial activities for the fiscal year ended September 30th, 2025.

FINANCIAL HIGHLIGHTS

- The assets of the City of Key Colony Beach exceeded its liabilities at September 30, 2025 by $22,740,477(net position). Of this amount, $8,437,992 of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $1,817,877 during fiscal year 2025.

- As of September 30, 2025, the City of Key Colony Beach's governmental funds reported combined ending fund balances of $5,829,179. This represents a decrease of $622,199 from the September 30, 2024 ending fund balances.

- The City of Key Colony Beach's total debt decreased by a net of $386,927 during fiscal year 2025. This decrease is discussed further in the debt administration section of this report.

USING THIS REPORT:

This report consists of a series of financial statements.

The ***Statement of Net Position*** (page 14) and the ***Statement of Activities*** (page 15) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. The statements separate governmental from business-type activities but both are measured and reported using the economic resource measurement focus and the full accrual basis of accounting.

The ***Fund Financial Statements,*** which report by fund type, begin on page 16. The governmental funds measure and report activities using the current financial resources measurement focus on the modified accrual basis of accounting. Therefore, you will find the reconciliation on page 17 that converts this data to an economic resources measurement focus and the accrual basis of accounting for use in the entity-wide financial statements. The Fund Financial Statements present information in more detail than in the entity-wide financial statements. Except for the General Fund and the Special Revenue Funds, all other funds of the City are combined in an "other funds" column. The Governmental Accounting Standards Board (GASB) Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES:

Government-wide financial statements are intended to allow the reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. The statements separate governmental from business-type activities. For purposes of these statements, both types are measured and reported using the economic resource measurement focus and the accrual basis of accounting.

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

The statement of activities presents information showing how the City's net position changed during fiscal year 2025. All changes in net position are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such an uncollected taxes and earned but not used vacation leave.

Both of these financial statements distinguish the primary types of functions of the City, defined as follows:

- ***Governmental Activities*** – Most of the City's basic services are reported here, including police, public works, parks and recreation, building inspection, planning, code enforcement and general administration. Major revenues supporting these activities are ad valorem taxes, sales and gas taxes; communications services taxes and intergovernmental revenues. Lesser revenues come from building permits, occupational licenses, fees, grants and investments.

- ***Business-type Activities*** – The City's Sewer and Stormwater Utility services are reported here. The services are supported primarily from user fees. Financing of major capital improvements is usually necessary. User fees support the Sewer Utility's debt service.

FUND FINANCIAL STATEMENTS:

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

- ***Governmental Funds*** – Accounts for most of the City's tax-supported activities: Examples are the General Fund and the Capital Project Funds. These funds focus on how money flows into and out of the funds, and the balances left at year-end. The accounting method used is called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash, usually within a 60-day period. The two criteria used are that the revenue is measurable and available. Examples of differences from economic focus are that debt proceeds and grants are considered current revenue, and purchases of capital are considered expenditures whereas depreciation is not considered expenditure since there is no outlay of cash. In the City's highly regulatory environment, fund accounting serves a very important purpose, in that funds received from specific purposes are identified as such can readily be audited.
- ***Proprietary Funds*** – Are used to account for the business-type, or enterprise activities of the government. The City has two enterprise funds; Key Colony Beach Sewer Utility and Key Colony Beach Stormwater Fund. All proprietary funds use full accrual basis accounting and the economic measurement focus. Fees or charges are the primary revenue source for proprietary funds.
- ***Fiduciary Funds*** – Are used to account for resources held for the benefit of parties outside the government. 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 similar to proprietary funds.

The City of Key Colony Beach 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 Commission). 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.

NOTES TO THE FINANCIAL STATEMENTS:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 30.

REQUIRED SUPPLEMENTARY INFORMATION:

Generally accepted accounting principles (GAAP) call for certain unaudited information to accompany the audited basic financial statement and accompanying footnotes. This information is called required supplementary information (RSI) and includes this analysis, called the MD & A, budgetary comparisons, and trend data on pension funding, if required.

THE GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position as of September 30, 2025 were $22,740,477. The City's combined revenues, including contributions, grants, charges for services and taxes were $9,424,141. Total expenses city-wide was $7,606,264. The increase to city-wide net position was $1,817,877. The following Table 1 reflects the condensed Statement of Net Position for the fiscal years ending on September 30, 2025 and 2024.

Table 1 – Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Governmental Activities						
Current and other assets	$ 8,894,417	8,479,255	3,456,893	4,092,882	12,351,310	12,572,137
Capital assets, net of depreciation	4,839,155	5,709,601	11,191,605	11,538,788	16,030,760	17,248,389
Total Assets	13,733,572	14,188,856	14,648,498	15,631,670	28,382,070	29,820,526
Long-term liabilities	3,072,090	2,932,555	3,628,737	3,381,345	6,700,827	6,313,900
Other Liabilities	378,189	585,226	380,454	180,923	758,643	766,149
Total Liabilities	3,450,279	3,517,781	4,009,191	3,562,268	7,459,470	7,080,049
Net Position:						
Invested in Capital Assets - net of related debt	3,875,697	4,885,678	7,562,868	8,157,443	11,438,565	13,043,121
Restricted	479,212	479,212	780,152	780,152	1,259,364	1,259,364
Unrestricted	5,928,384	5,306,185	2,296,287	3,131,807	8,224,671	8,437,992
Total Net Position	$ 10,283,293	10,671,075	10,639,307	12,069,402	20,922,600	22,740,477

The largest portion of the City's net position of $13.04 million or 57.3% are its investment in capital assets such as land, buildings, roads, bridges, machinery and equipment, less the outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently these assets are not available for future spending. It is also important to recognize that other resources will be required to repay the outstanding debt on capital assets. Restricted net position of approximately $1,260,000, representing 6% of total net position are subject to external restrictions on how they may be used; the remaining 36.7% of unrestricted net position of $8.437 million may be used to meet the City's ongoing obligations to citizens and creditors. The City's overall financial position continues to be healthy.

Table 2 is the condensed Statement of Activities for the fiscal year ended September 30, 2025 and 2024.

Table 2 – Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Governmental Activities						
Revenues:						
Program revenues						
Charges for services	$ 1,552,870	1,423,583	1,500,624	1,545,544	3,053,494	2,969,127
Grants and contributions	-	-	-	-	-	-
Insurance settlements	-	-	-	-	-	-
General revenues						
Property taxes	3,005,651	3,239,029	-	-	3,005,651	3,239,029
Stormwater grant	-	166,261	1,313,436	1,750,188	1,313,436	1,916,449
Other taxes	493,533	482,153	-	-	493,533	482,153
Intergovernmental revenues	272,247	315,954	-	-	272,247	315,954
Other	268,219	377,715	98,935	123,714	367,154	501,429
Total Revenues	5,592,520	6,004,695	2,912,995	3,419,446	8,505,515	9,424,141
Expenses (including indirect expenses):						
General Government	1,569,524	1,737,469	-	-	1,569,524	1,737,469
Hurricane Cleanup	-	-	-	-	-	-
Loss on Impairment	-	-	-	-	-	-
Public Safety	2,418,452	2,765,492	-	-	2,418,452	2,765,492
Sewer Utility	-	-	1,448,871	1,783,841	1,448,871	1,783,841
Public Works	512,783	663,830	-	-	512,783	663,830
Transportation	37,635	74,851	-	-	37,635	74,851
Culture/Recreation	247,871	353,452	-	-	247,871	353,452
Stormwater	-	-	111,302	180,257	111,302	180,257
Interest on long-term debt	25,055	21,819	27,001	25,253	52,056	47,072
Total Expenses	4,811,320	5,616,913	1,587,174	1,989,351	6,398,494	7,606,264
Increase in Net Position	781,200	387,782	1,325,821	1,430,095	2,107,021	1,817,877
Net Position - Beginning	9,502,093	10,283,293	9,313,486	10,639,307	18,815,579	20,922,600
Net Position – Ending	$ 10,283,293	10,671,075	10,639,307	12,069,402	20,922,600	22,740,477

BUSINESS-TYPE ACTIVITIES:

Revenues of the City's business-type activities (Sewer and Stormwater Utility) as shown on Table 2 above, totaled $3,419,446 while operating expenses totaled $1,989,351. This shows an increase in net position of $1,430,095 for the fiscal year.

GOVERNMENTAL ACTIVITIES:

Table 3 presents the cost of each of the City's four largest programs as well as each program's net cost (total cost less program revenues (i.e. excluding taxes), generated by the activities. The net cost represents the portion of each program that is supported by various taxes.

The cost of all governmental activities this fiscal year was $5.616 million. As shown in the Statement of Activities (see page 15), the net cost ultimately paid through taxes was $4.193 million, the remaining $1.423 million was provided by operations.

Table 3 – Governmental Activities

	Total Cost of Services		Net Cost (Earnings) of Services	
	2024	2025	2024	2025
Public Safety	$2,418,452	2,765,492	$1,037,896	1,657,586
Hurricane Cleanup	-	-	-	-
Loss on Impairment	-	-	-	-
Public Works	512,783	663,830	512,783	663,830
Transportation	37,635	74,851	37,635	74,851
Culture/Recreation	247,871	353,452	75,557	37,775
All Others	1,594,579	1,759,288	1,594,579	1,759,288
Totals	$4,811,320	5,616,913	$3,258,450	4,193,330

FINANCIAL ANALYSIS OF THE GOVERNMENT FUND

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

GOVERNMENTAL FUNDS:

Governmental funds are comprised of the general fund, special revenue funds and capital projects funds. Governmental funds use the current financial resources measurement focus that provides information on the near-term inflows, outflows and balances of spendable resources.

The ***General Fund*** is the chief operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. At the end of the current fiscal year, unreserved fund balance of the general fund was $2,562,968. The fund balance of the City's general fund decreased by $326,242 during the current fiscal year.

All other governmental funds are accounted for separately (page 18). The fund balance of the City's governmental funds decreased by $622,199 during the current fiscal year.

PROPRIETARY FUNDS:

The City's proprietary funds are comprised of enterprise funds. Currently, the City's Sewer and Stormwater Utility Funds are its two enterprise funds. An enterprise fund is used to account for activities for which a fee is charged to external users for goods and services. These funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS:

There were amendments between the General fund's original budget and final budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS:

The City's capital assets as of September 30, 2025 reflect an investment of $17,248,389 net of accumulated depreciation.

In compliance with GASB # 34, the City has separated out an infrastructure asset category, which was formerly included in Improvements other than Buildings. The City's infrastructure such as roads, multi-use paths, bridges, piers and sewer pipe, are to be recorded at actual costs for all assets placed in service after October 1st, 2003. Infrastructure assets acquired prior to this date have not been capitalized.

During 2025, the City capitalized approximately $2,200,453 in improvements to its buildings, infrastructure and for other improvements to its waste treatment facilities.

Table 4 provides a comparative summary of net capital assets by category for both governmental and business-type activities.

Table 4 – Capital Assets at Year-End (Net of Depreciation)

	Governmental Activities		Business-Type Activities		**Total**	
Total						
	2024	2025	2024	2025	2024	2025
Land	$ 3,039,466	3,039,466	9,087	9,087	3,048,553	3,048,553
Construction in progress	707,249	1,186,576	-	-	707,249	1,186,576
Buildings	305,022	271,844	7,792,600	7,797,973	8,097,622	8,069,817
Stormwater System	-	-	3,291,672	3,646,994	3,291,672	3,646,994
Improvements other than Buildings	93,525	90,941	98,246	84,734	191,771	175,675
Vehicles and Equipment	202,471	250,560	-	-	202,471	250,560
Infrastructure	491,422	870,214	-	-	491,422	870,214
Total Capital Assets	$ 4,839,155	5,709,601	11,191,605	11,538,788	16,030,760	17,248,389

LONG-TERM DEBT:

As of September 30, 2025, the City had $4,205,268 in notes payable. Table 5 below provides a comparative summary of the City's outstanding debt:

Table 5 – Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Notes Payable	$ 963,458	823,923	3,628,737	3,381,345	4,592,195	4,205,268
Total Long-term Debt	$ 963,458	823,923	3,628,737	3,381,345	4,592,195	4,205,268

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATE

The City continues to enjoy a healthy economy because of sound financial management. However, current economic conditions and Hurricane Irma recovery efforts could cause problems to the City's tax base and other funding sources.

By the end of the fiscal year, various projects were substantially completed. The completion of the projects will not have any major negative impact on the City's finances.

On September 10, 2017, the City was impacted by Hurricane Irma. Clean up costs from the storm amounted to $861,334 through September 30, 2017. Clean up costs for the years ended September 30, 2018, 2019 and 2020 amounted to an additional $1,161,386, $76,435 and $42,365, respectively. There were no clean up costs for 2021. In addition to clean up costs, the City incurred unrepairable damage to its physical premises as well as to some of its office and operating equipment. The staff office section of City Hall has been declared unsafe. Impairment losses of $136,462 were recorded in fiscal 2017 for real property losses and $37,329 were also recorded for losses to its office and operating equipment. No other assets were deemed impaired during 2018 or 2019. The reported General Fund change in net position of $(689,882) and $(1,022,591) for 2018 and 2019, respectively, include the amounts noted above. Additional clean up costs were incurred in 2020 at reduced amounts. Insurance reimbursements were received in 2018 and amount to $312,453. During 2020 and in 2021, the City received $882,129 and $1,062,695, respectively, in Federal grants and other Hurricane Irma relief funds.

These factors were a consideration when preparing the City's fiscal year 2020-2021, 2021-2022, 2022-2023, 2023-2024 and 2024-2025 budgets. Although the fiscal year 2025-2026 budget is being funded by the expected increase over the current tax rate as levied, expenses continue to rise and the City remains prudent to protect the reserves that have been slowly and carefully accumulated and to match current revenues with current expenditures.

A new master plan was implemented to modernize the wastewater treatment plant. Significant major improvements have been undertaken this fiscal year and are projected to continue over the next year.

REQUEST FOR INFORMATION:

This financial report is designed to provide a general overview of the City of Key Colony Beach's finances for all those with an interest in the government finances. Questions concerning any of the information provide in this report or requests for additional financial information should be addressed to the:

City Clerk
City of Key Colony Beach
P.O. Box 510141
Key Colony Beach, FL 33051

CITY OF KEY COLONY BEACH, FLORIDA

Statement of Net Position

September 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	$3,064,580	2,267,429	5,332,009
Accounts Receivable and Accrued Interest	-	4,806	4,806
Prepaid Expenses and Other Assets	18,854	8,076	26,930
Grant receivable	-	1,032,419	1,032,419
Restricted Assets:			
Cash and Cash Equivalents	3,282,291	780,152	4,062,443
Capital Assets-Net of Accumulated			
Land	3,039,466	9,087	3,048,553
Construction in Progress	1,186,576	-	1,186,576
Buildings	271,844	7,797,973	8,069,817
Stormwater System	-	3,646,994	3,646,994
Improvements other than Buildings	90,941	84,734	175,675
Vehicles, Equipment and Furniture	250,560	-	250,560
Infrastructure	870,214	-	870,214
Total Assets	12,075,326	15,631,670	27,706,996
Deferred Outflows of Resources:			
Deferred Charge on Refunding	1,483,399	-	1,483,399
Deferred Pension Outflows	630,131	-	630,131
Total Deferred Outflows of Resources	2,113,530	-	2,113,530
Liabilities			
Accounts Payable and Other Accrued Liabilities	536,546	180,923	717,469
Pension Liability	1,752,725	-	1,752,725
Long-Term Debt:			
Due within one year	145,200	249,500	394,700
Due in more than one year	678,723	3,131,845	3,810,568
Total Liabilities	3,113,194	3,562,268	6,675,462
Deferred Inflow of Resources:			
Deferred Pension Inflows	404,587	-	404,587
Total Deferred Inflows of Resources	404,587	-	404,587
Net Position			
Invested in Capital and Other Assets, net of related debt	4,885,678	8,157,443	13,043,121
Restricted for:			
Capital Projects	479,212	780,152	1,259,364
Debt service	-	-	-
Unrestricted	5,306,185	3,131,807	8,437,992
Total Net Position	$10,671,075	12,069,402	22,740,477

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA
Statement of Activities
For the Fiscal Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Contributions	Net (Expense) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total
Primary Government:						
Governmental activities:						
General Government	$1,737,469	-	-	(1,737,469)	-	(1,737,469)
Hurricane Cleanup	-	-	-	-	-	-
Loss on Impairment	-	-	-	-	-	-
Public Safety	2,765,492	1,107,906	-	(1,657,586)	-	(1,657,586)
Public Works	663,830	-	-	(663,830)	-	(663,830)
Transportation	74,851	-	-	(74,851)	-	(74,851)
Culture/Recreation	353,452	112,119	203,558	(37,775)	-	(37,775)
Interest on Long-term Debt	21,819	-	-	(21,819)	(25,253)	(47,072)
Total Governmental Activities	5,616,913	1,220,025	203,558	(4,193,330)	(25,253)	(4,218,583)
Business-type Activities:						
Sewer	1,783,841	1,425,820	-	-	(358,021)	(358,021)
Stormwater	180,257	119,724	-	-	(60,533)	(60,533)
Total Primary Government				(4,193,330)	(443,807)	(4,637,137)
General Revenues:						
Property taxes, levied for general purpose				3,239,029	-	3,239,029
Grants				166,261	1,750,188	1,916,449
Gas taxes				41,059	-	41,059
Communication taxes				58,591	-	58,591
Infrastructure taxes				382,503	-	382,503
Intergovernmental revenues				315,954	-	315,954
Impact fees				-	-	-
Interest earnings				250,422	131,553	381,975
Miscellaneous				127,293	(7,839)	119,454
Total general revenues and transfers				4,581,112	1,873,902	6,455,014
Change in Net Position				387,782	1,430,095	1,817,877
Net Position, beginning of year				10,283,293	10,639,307	20,922,600
Net Position, end of year				$10,671,075	12,069,402	22,740,477

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Balance Sheet – Governmental Funds

For the Fiscal Year Ended September 30, 2025

	General Fund	Building Department	Local Option Gas Tax	Infrastructure Surtax	Impact Fees	Total Governmental Funds
Assets						
Cash and cash equivalents	$3,080,660	469,892	509,596	2,104,118	182,605	6,346,871
Accounts receivable	-	-	-	-	-	-
Prepaid expenses and other assets	18,854	-	-	-	-	18,854
Total Assets	$3,099,514	469,892	509,596	2,104,118	182,605	6,365,725
Liabilities						
Accounts Payable and other accrued liabilities	536,546	-	-	-	-	536,546
Pending transfers due to (from) other fund	-	-	-	-	-	-
Total Liabilities	536,546	-	-	-	-	536,546
Fund Balances						
Nonspendable:						
Future Assets-City Hall	-	-	-	-	-	-
Unreserved, reported in:						
Unassigned fund balance	2,562,968	-	-	-	-	2,562,968
Restricted fund balance	-	469,892	509,596	2,104,118	182,605	3,266,211
Total Fund Balances	2,562,968	469,892	509,596	2,104,118	182,605	5,829,179
Total Liabilities and Fund Balances	$3,099,514	469,892	509,596	2,104,118	182,605	6,365,725

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Reconciliation of the Balance Sheet
To the Statement of Net Position – Governmental Funds

For the Fiscal Year Ended September 30, 2025

Fund Balance Totals – Governmental Funds	$ 5,829,179
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. The cost of the assets is $10,351,315 and the accumulated depreciation $4,641,714.	5,709,601
Deferred investment results or actuarial changes to defined benefit plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position:	
FRS pension	(43,782)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.	
Notes Payable	(823,923)
Net Position of Governmental Activities	$10,671,075

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds

For the Fiscal Year Ended September 30, 2025

Revenues:	General Fund	Building Department	Local Option Gas Tax	Infrastructure Surtax	Impact Fees	Total
Taxes	$3,297,620	-	41,059	382,503	-	3,721,182
Licenses and Permits	609,454	493,871	-	-	-	1,103,325
Intergovernmental Revenues	284,045	-	31,909	-	-	315,954
Charges for Services	112,119	-	-	-	-	112,119
Fines and Forfeitures	-	-	-	-	-	-
Interest Earnings	124,897	18,156	18,366	81,142	7,861	250,422
Hurricane reimbursement	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Other revenues, grants and contributions	448,885	5,058	-	47,750	-	501,693
Total Revenues	4,877,020	517,085	91,334	511,395	7,861	6,004,695
Expenditures:						
Current:						
General Government	2,656,982	65,468	-	-	-	2,722,450
Hurricane Cleanup	-	-	-	-	-	-
Public Safety	2,340,410	425,082	-	-	-	2,765,492
Physical Environment	663,830	-	-	-	-	663,830
Transportation	-	-	74,851	-	-	74,851
Culture and Recreation	277,221	-	-	-	76,231	353,452
Debt Service:						
Principal Retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	21,819	-	21,819
Capital Outlay	-	-	-	25,000	-	25,000
Total Expenditures	5,938,443	490,550	74,851	46,819	76,231	6,626,894
Excess(Deficiency) of Revenues Over Expenditures	(1,061,423)	26,535	16,483	464,576	(68,370)	(622,199)
Other Financing Sources (Uses):						
Operating Transfers from (to) Other Funds	735,181	(26,535)	(2,853)	(705,793)	-	-
Net Changes in Fund balances	(326,242)	-	13,630	(241,217)	(68,370)	(622,199)
Fund Balance at Beginning of Year	2,889,210	469,892	495,966	2,345,335	250,975	6,451,378
Fund Balance at End of Year	$2,562,968	469,892	509,596	2,104,118	182,605	5,829,179

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended September 30, 2025

Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Net Change in Fund Balances - Total Governmental Funds		$ (622,199)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
Pension obligations – refunding		(43,782)
Government funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay/Fund Transfers/Debt	1,338,322	
Loss on Impairment	-	
Depreciation	(284,559)	1,053,763
Change in Net Position of Governmental Activities		$ 387,782

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Statement of Net Position
Enterprise Fund - Sewer

September 30, 2025

	Business-type Activities Sewer Utility
Assets	
Current Assets:	
Sewer Revenue-Fund – Cash	$ -
Sewer Operating and Maintenance Fund:	
Operating and Maintenance Fund	2,155,686
Replacement and Extension Funds	780,152
Less: Restricted Portion of Sewer funds	(780,152)
Accounts receivable and accrued interest	4,796
Grant Receivable	633,156
Prepaid Insurance and other assets	8,076
Total Current Assets	2,801,714
Non-Current Assets:	
Restricted Assets	
Restricted – Sewer funds	780,152
Total Restricted Assets	780,152
Capital Assets:	
Land and Improvements	9,087
Utility Plant and Equipment	13,891,806
Sewer Lines	1,881,084
Furniture and Fixtures	10,127
Less: Accumulated Depreciation	(7,900,310)
Total Capital Assets, Net	7,891,794
Total Non-Current Assets	8,671,946
Total Assets	11,473,660
Deferred Outflows of Resources:	
Deferred Pension Outflows	-
Deferred Charge on Refunding	-
Total	$11,473,660

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Statement of Net Position
Enterprise Fund - Sewer

September 30, 2025

	Business-type Activities Sewer Utility
Liabilities	
Current Liabilities:	
Accounts Payable	$ 91,694
Pension Liability	-
Advance Sewer Revenues Collected	20,495
Total Current Liabilities	112,189
Current Liabilities Payable from Restricted Assets:	
Deposits on Sewer Connection Fee	32,375
Non-Current Liabilities	
Long-Term Debt:	
Florida State Revolving Loan	3,381,345
Total Liabilities	3,525,909
Deferred Inflows of Resources:	
Deferred Pension Inflows	-
Net Position:	
Invested in Capital and Other Assets, net of Related Debt	4,510,449
Restricted – Plant Improvements	780,152
Restricted – Debt Service	-
Unrestricted balance	2,657,150
Total Net Position	$7,947,751

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Statement of Revenues, Expenses and Changes in
Fund Net Position - Enterprise Fund - Sewer

For the Year Ended September 30, 2025

	Business-type Activities Sewer Utility
Operating Revenues:	
Sewer Utility Revenues	$ 1,365,820
Connection and Other Fees	60,000
Refund of FKEC Capital Credits	-
Miscellaneous Grants	-
Total Operating Revenues	1,425,820
Operating Expenses:	
Sewage Treatment Plant:	
Electricity and Utilities	120,163
Systems Operator	280,732
Maintenance and Repairs	571,287
Chemicals, Lab Supplies and Miscellaneous	160,535
Capital Expenses	-
Insurance	36,200
	1,168,917
General and Administrative Expenses:	
Salaries	7,500
Employee Benefits	574
Accounting	13,280
Depreciation	587,491
Supplies and Office Expenses	6,079
Total Expenses	1,783,841
Operating income (loss)	(358,021)
Non-Operating Revenues (Expenses):	
Interest on Investments	120,096
Miscellaneous Income	(5,289)
Interest Expense	(25,253)
Grant Revenue	633,156
Total Non-Operating Revenues (Expenses)	722,710
Income (loss) Before Transfers	364,689
Transfers from/(to) other funds	-
Change in Net Position	364,689
Total Net Position – Beginning	7,583,062
Total Net Position – Ending	$ 7,947,751

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Statement of Cash Flows - Enterprise Fund - Sewer

For the Year Ended September 30, 2025

	Business-type Activities Sewer Utility
Cash Flow from Operating Revenues:	
Cash received from Customers and Users	$ 1,424,310
Other Operating Revenues	-
Capital Credits/Grants	-
Cash paid to Suppliers	(553,703)
Cash paid to and for Employees	(8,074)
Net Cash Provided by Operating Activities	862,533
Cash Flow from Non-Capital Financing Activities:	-
Cash Flow from Capital and Related Financing Activities:	
Cash paid for Miscellaneous items	(5,289)
Cash paid for Grant Expenditures	-
Acquisition of Capital Assets	(579,352)
(Repayments)Borrowings on Long-Term debt	(247,428)
Interest paid	(25,253)
Capital Contributed from Connection Fees	-
Net Cash Used by Capital and Related Financing Activities	(857,322)
Cash Flow from Investing Activities:	
Interest received	120,096
Acquisition of Capital Assets	(579,352)
Net Cash Used by Investing Activities	(459,256)
Net decrease in Cash and Cash Equivalents	(454,045)
Cash and Cash Equivalents, Beginning of Year	3,389,883
Cash and Cash Equivalents, End of Year	$ 2,935,838

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Statement of Cash Flows - Enterprise Fund - Sewer

For the Year Ended September 30, 2025

	Business-type Activities Sewer Utility
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income (Loss)	$ 364,689
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Loss on Impairment	-
Depreciation Expense	587,491
Bad debt	-
Changes in Assets and Liabilities	(89,647)
Net Cash Provided by Operating Activities	$ 862,533

Supplemental Disclosure:

For the purpose of the Statements of Cash Flows, the City considers all highly liquid debt instruments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Statement of Net Position
Enterprise Fund - Stormwater

September 30, 2025

	Business-type Activities Stormwater Utility
Assets	
Current Assets:	
Stormwater Operating and Maintenance Fund:	
Checking-Operating and Maintenance	$ 111,743
Certificate of Deposit	-
Accounts receivable	10
Grant receivable	399,263
Accrued interest receivable	-
Total Current Assets	511,016
Capital Assets:	
Construction in progress	466,096
Stormwater System	3,771,742
Less: Accumulated Depreciation	(590,844)
Total Capital Assets, Net	3,646,994
Total Assets	$ 4,158,010

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Statement of Net Position
Enterprise Fund - Stormwater

September 30, 2025

	Business-type Activities Stormwater Utility
Liabilities	
Current Liabilities:	
Accounts Payable	$ 15,345
Retainage payable	21,014
Total Current Liabilities	36,359
Total Liabilities	-
Net Position:	
Restricted - Invested in Capital Assets, net of Related Debt	3,646,994
Unrestricted	474,657
Total Net Position	$ 4,121,651

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Statement of Revenues, Expenses and Changes in
Fund Net Position - Enterprise Fund - Stormwater

For the Year Ended September 30, 2025

	Business-type Activities Stormwater Utility
Operating Revenues:	
Stormwater Utility Revenues	$ 119,724
Connection and Other Fees	-
Other fees	-
Total Operating Revenues	119,724
Operating Expenses:	
Stormwater:	
Electricity and Utilities	-
Systems Operator	-
Maintenance and Repairs	28,216
	28,216
General and Administrative Expenses:	
Salaries/Consulting	41,042
Employee Benefits	-
Professional fees	-
Depreciation	110,774
Supplies and Office Expenses	225
Total Expenses	180,257
Operating income (loss)	(60,533)
Non-Operating Revenues (Expenses):	
Grant Revenue	1,117,032
Interest on Investments	11,457
Miscellaneous Income	(2,550)
Total Non-Operating Revenues (Expenses)	1,125,939
Income (Loss) before Contributions	1,065,406
Capital Contributions	-
Income (Loss) before Transfers	1,065,406
Transfers from/(to) other funds	-
Change in Net Position	1,065,406
Total Net Position – Beginning	3,056,245
Total Net Position – Ending	$ 4,121,651

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Statement of Cash Flows - Enterprise Fund - Stormwater

For the Year Ended September 30, 2025

	Business-type Activities Stormwater Utility
Cash Flow from Operating Revenues:	
Cash received from Customers and Users	$ 119,714
Other Operating Revenues and Fees	8,907
Grant receipts	717,769
Cash paid to Suppliers	(305,131)
Cash received from general fund	-
Net Cash Provided by Operating Activities	541,259
Cash Flow from Non-Capital Financing Activities:	-
Cash Flow from Investing Activities:	
Acquisition of capital assets	(466,096)
Net Cash Used by Investing Activities	466,096)
Net increase in Cash and Cash Equivalents	75,163
Cash and Cash Equivalents, Beginning of Year	36,580
Cash and Cash Equivalents, End of Year	$ 111,743

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Statement of Cash Flows - Enterprise Fund - Stormwater

For the Year Ended September 30, 2025

	Business-type Activities Stormwater Utility
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income (Loss)	$1,065,406
Grant receipts	-
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	110,774
Changes in Assets and Liabilities:	
Increase in Accounts Receivable and Other Assets	(399,273)
Decrease in Accounts Payable and Accrued Liabilities	(235,648)
Net Cash Provided by Operating Activities	$ 541,259

Supplemental Disclosure:

For the purpose of the Statements of Cash Flows, the City considers all highly liquid debt instruments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

Introduction

The City of Key Colony Beach, Florida (the "City") is a political subdivision of the State of Florida, located in Monroe County. The City was established by Chapter 57-1463, Special Acts of the Florida Legislature, operates under a Mayor-Commission form of government and provides the following services as authorized by its Charter: general administrative, public safety (police and building departments), physical environment, wastewater and stormwater utility services, culture-recreation capital improvements.

Financial Reporting Entity

The financial statements were prepared in accordance with Government Accounting Standards, 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 and 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 unity 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 described above.

(1) ***Summary of Significant Accounting Policies*** – *(Cont.)*

Government-Wide and Fund Financial Statements

The City has implemented a new financial reporting model, as required by the provisions of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussions and Analysis – for State and Local Governments,* GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus,* GASB Statement No. 38, *Certain Financial Statement Note Disclosures,* and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statement,* as of October 1, 2002. These Statements mandated changes in the financial statement format and set forth reporting changes. One such change is to capitalize infrastructure. GASB No. 34 provides dollar amount tiers for capturing and valuing the retrospective infrastructure. The City falls under the tier amount and has not retrospectively recorded infrastructure capital assets. Infrastructure capital assets will be reported beginning in the current fiscal year.

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customer 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.

(1) ***Summary of Significant Accounting Policies*** – *(Cont.)*

Government-Wide and Fund Financial Statements – *(Cont.)*

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

Measurement Focus and 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 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and, judgments, are recorded only when payment is due. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities of the government-wide presentation.

(1) ***Summary of Significant Accounting Policies*** – *(Cont.)*

Measurement Focus and Basis of Accounting and Financial Statement Presentation – *(Cont.)*

Property taxes, franchise 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. Only the portion for special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. 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 *Local Option Gas Tax Fund*, a special revenue fund, is used to account for revenues derived from a portion of state shared revenues, and the local option gas tax. Funds can only be used for road construction and maintenance.

- The *Infrastructure Surtax 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 Enterprise Funds:

- The *Key Colony Beach Sewer Utility Fund* accounts for the activity of providing customers with wastewater disposal services. The Sewer Utility operates a sewage treatment plant; sewage-pumping stations; the collection system and a wastewater reuse system.

- The *Key Colony Beach Stormwater Utility Fund* accounts for all activity of providing stormwater disposal services. The Stormwater Utility operates a collection system for stormwater run-off.

Additionally, the City reports the following fund type:

- *Capital Projects Funds* for financial resources are used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

(1) ***Summary of Significant Accounting Policies*** – *(Cont.)*

Measurement Focus and Basis of Accounting and Financial Statement Presentation – *(Cont.)*

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including any special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources first and then restricted resources, as they are needed for their intended purposes.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

Deposits and Investments

Cash and cash equivalents consists of cash on hand and cash on deposit with financial institutions. The City maintains separate cash accounts for substantially all City funds including those for restricted cash and investments held with trustees. Interest income is directly allocated based upon the earnings of each accounts' cash and investments. For the purposes of the statement of cash flows, the City considers highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

(1) ***Summary of Significant Accounting Policies*** – *(Cont.)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – *(Cont.)*

Deposits and Investments – (Cont.)

The City has no investments currently and deposits funds into interest bearing money market and certificate of deposit accounts.

Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are reported as "due from other funds" or "due to 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".

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide fund financial statements.

Restricted Assets

Certain proceeds borrowings of the enterprise fund, as well as certain resources set aside for their repayment are classified as restricted assets on the balance sheet because their use is limited by applicable note covenants.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, pedestrian paths, 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 government as assets with an initial individual cost of more than $750 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 an estimated fair market value at the date of donation.

(1) Summary of Significant Accounting Policies – (Cont.)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – (Cont.)

Capital Assets – (Cont.)

The costs of normal maintenance are included as ordinary expenditures for the appropriate function.

Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. The ranges of useful lives are as follows:

Assets	Years
Buildings	15 - 50
Improvements other than buildings	15
Infrastructure	30
Vehicles and Equipment	5 - 10

The cost of assets retired or sold, together with the related accumulated depreciation is removed from the accounts and any gain or loss on disposition is credited or charged to earnings.

Interest is capitalized on enterprise fund assets constructed with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project construction with interest earned on invested proceeds over the same period. $29,154 of interest was capitalized in prior fiscal years in the sewer fund.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

(1) ***Summary of Significant Accounting Policies*** – *(Cont.)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – *(Cont.)*

Compensated Absences

The City's regular full-time employees may accrue vacation hours. Part-time employees accrue vacation leave in proportion to the amount of time worked. Sick leave accumulation is unlimited. Upon termination, employees can be paid for a maximum of 25 days of accrued vacation time, the police officers maximum is 40 hours. Depending on length of service, all employees can be paid a maximum of 16 weeks of accrued sick time. These benefits are classified as compensated absences. The accumulated compensated absences are accrued when incurred in the government-wide financial statements and proprietary funds. For Governmental Funds, the amounts normally liquidated with expendable available financial resources are accrued in the individual funds and the remaining portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund and government-wide presentation.

Long-term Obligations

In the government-wide financial statements and proprietary fund type in the fund 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 statements of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. There were no bond related costs.

Sewer Utility Connection Fees

The City utilizes utility connection fees as a means of funding capital expansion required to meet sewer system demands resulting from growth. These fees are recorded as capital contribution revenue in the Enterprise Fund when charged.

(1) ***Summary of Significant Accounting Policies*** *– (Cont.)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – (Cont.)

Net Position/Fund Balance

Net Position in the financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balance
In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid Items – portion of fund balance that is not an available resource because it represents the year-end balance of a prepaid expense for the City which is not a spendable resource.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law through constitutional provision or enabling legislation.

Committed Fund Balance – portion of fund balance that can only be used for specific purpose imposed by majority vote of City's governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires majority action by the governing bodies that approved the original action.

Assigned Fund Balance – portion of fund balance that City intends to use for specific purposes.

Unassigned Fund Balance – the portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the general fund.

(1) Summary of Significant Accounting Policies – (Cont.)

New Accounting Standards Adopted – Prior Year

In fiscal year 2017, the City adopted new accounting standards as follows:

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68- This Statement addresses accounting and financial reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and amendments to certain provisions of GASB Statements 67 and 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB Statement No. 82, an Amendment of GASB Statements Nos. 67, 68, and 73 – This Statement addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

(2) Stewardship, Compliance and Accountability

Budgets – Legal Compliance

Budgets are adopted on a basis consistent with U.S. Generally Accepted Accounting Principles. Annual appropriated budgets are adopted for the general fund, special revenue funds, and enterprise funds. All annual appropriations lapse at fiscal year end and are not automatically re-appropriated the following fiscal year. On July 1st of each year, the Monroe County Property Appraiser supplies the City with the assessed taxable valuation of the property located within the City on which the City's millage (property tax) rate for the next budget year will be based. Prior to July 31st, a public hearing is held at which a proposed budget is presented to City Commission and, by Resolution, City Commission establishes a proposed millage (property Tax) rate.

Based on the State of Florida "TRIM" (Truth in Millage) calendar, the City holds two public hearings on the tentative millage rate and tentative budget during the month of September. On or about September 30th, the budget is adopted by Resolution.

(2) Stewardship, Compliance and Accountability - (Cont.)

Budget amounts are presented as originally adopted and as amended by the City Commission. Budget amendments, adopted-by Resolution of the City Commission, are used to revise the budgeted amounts through the year. The City Commission may amend the budget within existing appropriations of individual funds.

The level of control whereby expenditures cannot exceed appropriations is at the fund level. During the fiscal year ended September 30th 2023, there were no supplemental appropriations approved by City Commission in accordance with this policy.

Property Taxes

All real and tangible personal property taxes are due and payable on November 1st of each year, or as soon thereafter as the tax roll is certified by the Monroe County Property Appraiser, and become delinquent on April 1st of the following year. The billing and collection of all property taxes is done for the City by the Monroe County Tax Collector.

The Tax Collector mails to each property owner on the tax roll a notice of taxes levied by the various governmental entities in the County. Discounts are allowed for payment of property taxes made between November 1 and March 1. Tax certificates for the full amount of any unpaid taxes or assessments must be sold not later than June 1st of each year. Procedures for collecting delinquent taxes, including applicable tax certificate sales, tax deed sales and tangible personal property seizure and sales, are provided for by the laws of Florida. Enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. Key dates in the property tax cycle (latest date, where appropriate) are as follows:

- July 1st: - Assessment roll certified, unless extension granted by Florida Department of Revenue. – 93 days later (normally October 1st) Millage resolution approved and taxed levied following certification of assessment roll.

- November 1st: - Property taxes become due and payable (maximum discount, i.e., 4 percent).

- April 1st: - Taxes become delinquent (lien date).

- Prior to June 1st - Tax certificates sold.

The City is, in general, permitted by the State to levy property taxes up to $10 per $1,000 of assessed valuation for general governmental services.

(3) Detailed Notes on all Funds

Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds except for those in which the cash must be segregated due to bond indenture or other legal restrictions such as in the deferred compensation plan.

Deposits

Deposits with qualified public depositories whose values exceed the limits of federal depository insurance are entirely insured or collateralized pursuant to Florida Statutes, Chapter 280, Florida Security for Public Deposits Act (the "Act"). Under this Act, financial institutions which are qualified public depositories place with the State Treasurer securities which have a market value equal to or in excess of the average daily balance times the depository collateral-pledging level required pursuant to Chapter 280 as computed an reported monthly or 25% of the average monthly balance, whichever is greater. The Pubic Deposit Security Trust Funds have a procedure to allocate and recover losses in the event of default or insolvency.

Investments

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. All funds are invested in checking, money market and certificate of deposits accounts.

There were no losses during the period due to default by counterparties to investment transactions, and the City had no other types of investments during the year other than those described above.

Type	Fair Value
GENERAL INVESTMENTS:	
Investments	$ -0-
Plus Deposits:	
Checking, Money Market Accounts and Certificate of deposits	9,394,452
Plus Cash on Hand	-
Total Cash, Deposits and Investments	$ 9,394,452

(3) Detailed Notes on all Funds – (Cont.)

Deposits and Investments – (Cont.)

Investments – (Cont.)

Inherent 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 in money market accounts and certificates of deposit.

The following schedule reconciles the deposit and investment information above to the City-wide Statement of Net Position and Statement of Fiduciary Net Position:

	Current		Restricted		
	Cash and Equivalents	Investments	Cash and Equivalents	Investments	Total Cash and Investments
Governmental Activities :					
General	$3,064,580	-	485,970	-	3,550,550
Building Department	-	-	469,892	-	469,892
Other Governmental	-	-	2,326,429	-	2,326,429
Total Governmental	3,064,580	-	3,282,291	-	6,346,871
Business-type Activities :					
Sewer and Stormwater Utility Services	2,267,429	-	780,152	-	3,047,581
Total Business-type	2,267,429	-	780,152	-	3,047,581
Total	$5,332,009	-	4,062,443	-	9,394,452

(3) Detailed Notes on all Funds – (Cont.)

Accounts Receivable

	Governmental Activities	Other Governmental Funds	Total
Governmental Activities			
Unrestricted	$ -	-	-
Due from other Governments	-	-	-
Total Unrestricted Receivables	$ -	-	-

	Sewer and Stormwater Utilities	Total
Business-type Activities		
Unrestricted	$ 4,806	4,806
Total Unrestricted	$ 4,806	4,806
Total Net Receivables	$ 4,806	4,806

Accounts Payable and Other Accrued Expenses

	Governmental Activities	Other Governmental Funds	Total
Governmental Activities			
Accounts and Contracts payable	$ 93,496	-	93,496
Accrued Liabilities	443,050	-	443,050
Total Governmental	$ 536,546	-	536,546

	Sewer and Stormwater Utilities	Total
Business-type Activities		
Accounts and Contracts payable	$139,647	139,647
Accrued Liabilities	41,276	41,276
Total Business-type	$180,923	180,923

(3) Detailed Notes on all Funds – (Cont.)

Capital Assets

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

	Balance 10/01/24	Increases	Impairment Decreases	Balance 9/30/2025
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 3,039,466	-	-	3,039,466
	3,039,466	-	-	3,039,466
Capital assets, being depreciated:				
Buildings	1,028,515	-	-	1,028,515
Improvements other than building	1,031,973	-	-	1,031,973
Infrastructure	2,102,910	518,500	-	2,621,410
Vehicles, furniture and equipment	1,286,197	157,178	-	1,443,375
Construction in progress	707,249	479,327	-	1,186,576
Total capital assets, being depreciated	6,156,844	1,155,005	-	7,311,849
Less accumulated depreciation for:				
Buildings	723,493	33,178	-	756,671
Improvements other than buildings	938,448	2,584	-	941,032
Infrastructure	1,611,488	139,708	-	1,751,196
Vehicles, furniture and equipment	1,083,726	109,089	-	1,192,815
Total accumulated depreciation	4,357,155	284,559	-	4,641,714
Total Capital assets being depreciated, net	1,799,689	870,446	-	2,670,135
Governmental activities capital assets, net	$ 4,839,155	870,446	-	5,709,601

(3) ***Detailed Notes on all Funds*** – *(Cont.)*

Capital Assets – *(Cont.)*

	Balance 10/01/2023	Increases	Impairment Decreases	Balance 9/30/2024
Business-type activities				
Capital assets, not being depreciated:				
Land and improvements	$ 9,087	-	-	9,087
	9,087	-	-	9,087
Capital assets, being depreciated:				
Construction in progress	-	-	-	-
Treatment Plant	13,059,687	579,352	-	13,639,039
Reverse Osmosis Plant	173,234	-	-	173,234
Equipment	10,127	-	-	10,127
Sewer Lines	1,881,084	-	-	1,881,084
Stormwater system	3,771,742	466,096	-	4,237,838
Furniture, fixtures and improvements	79,532	-	-	79,532
Total capital assets, being depreciated	18,975,406	1,045,448	-	20,020,854
Less accumulated depreciation for:				
Treatment Plant	5,267,087	573,979	-	5,841,066
Reverse Osmosis Plant	114,721	6,500	-	121,221
Equipment	10,127	-	-	10,127
Sewer Lines	1,881,084	-	-	1,881,084
Stormwater system	480,070	110,774	-	590,844
Furniture, fixtures and improvements	39,799	7,012	-	46,811
Total accumulated depreciation	7,792,888	698,265	-	8,491,153
Total Capital assets being depreciated, net	11,182,518	347,183	-	11,529,701
Business-type activities capital assets, net	$11,191,605	347,183	-	11,538,788

Total provision for depreciation for the City's general and enterprise funds amounted to $698,265 during fiscal 2025.

(3) Detailed Notes on all Funds – (Cont.)

Long-Term Debt

The following is a summary of changes in the City's indebtedness for the year ended September 30, 2025

Governmental Activities

	Notes Payable
Original amounts	$ 3,094,768
Debt Payable-beginning	$ 963,458
Debt issued	-
Debt retired	139,535
Debt Payable-ending	823,923
Less: Amounts recorded as current liabilities	145,200
Long-term debt-ending	$ 678,723

Business-type Activities

	Notes Payable
Original amounts	$ 4,995,260
Debt Payable-beginning	$ 3,628,737
Debt issued	-
Debt retired	247,392
Debt Payable-ending	3,381,345
Less: Amounts recorded as current liabilities	249,500
Long-term debt-ending	$ 3,131,845

(3) Detailed Notes on all Funds – (Cont.)

General Long-Term Debt

Note payable to a financial institution guaranteed by non ad-valorem revenues. The loan is payable in monthly installments of $5,902, including interest at a rate of 4.25%, maturing September 1st, 2033. Debt retired in fiscal 2021.	$ -
Note payable in the amount of $1,429,361.28 entered into on March 9, 2021 from a local financial institution payable in monthly installments of $13,446.25 with interest at 2.42% due on March 9, 2031	823,923
Note payable to a financial institution. The loan is payable in monthly installments of $7,434, including Interest at a rate of 3.25%, maturing November 13, 2029. Debt retired in fiscal 2021.	-
	$ 823,923

Enterprise Funds-Long term Debt

Notes Payable
Sewer Utility Fund:

Funding from State of Florida Department of Environmental Protection for a Clean Water State Revolving Fund Construction Loan Agreement with maximum authorized funding amount of $5,250,916, including capitalized interest of $29,154 (2019) for a State of Florida Revolving Loan, collateralized by future Sewer revenues and the Sewer Plant expansion project. The loan is payable in forty (40) semi-annual installments, beginning upon project completion, of $136,376 including interest at the rate of 3.55%. Maturing March 15th, 2039. A loan debt service account will be required to collect and hold monthly deposits of $23,977 needed to accumulate and make semi-annual payment. Balance of debt service account at September 30, 2025 amounted to $299,125.	$ 3,381,345

(3) Detailed Notes on all Funds – (Cont.)

Maturities of Long-Term is as follows:

	GOVERNMENTAL ACTIVITIES Notes Payable		
Year Ending September 30th:	Principal	Interest	Total
2025-2026	$ 145,200	27,060	172,260
2027-2028	274,706	54,119	328,825
2029-2031	403,085	75,538	478,623
2032-2033	932	23	955
	$ 823,923	156,740	980,663

	BUSINESS TYPE ACTIVITIES Notes Payable		
Year Ending September 30th:	Principal	Interest	Total
	$ 3,381,345	25,253	3,406,598

(4) Other Information

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance and also participates in a public entity risk pools administered by Public Risk Management and Florida League of Cities, Inc. The City pays an annual premium to Public Risk Management and Florida League of Cities, Inc. for these insurance programs. Participation in these risk pools is non-assessable. There were no significant reductions in insurance coverages as compared to the prior year. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. The City retains the risk of loss up to a deductible amount with the risk of loss in excess of this amount transferred to the pools with limits of liability of $2,000,000 per occurrence for general and professional liability and $100,000 for automobile liability. The City is not aware of any ongoing, pending or threatened claims at September 30, 2025.

Pension Plans

Cost-Sharing, Multiple-Employer Plan (FRS); Retiree Health Insurance Subsidy (HIS) Plan Descriptions, Contribution Information, and Funding Policies

All of the City's employees participate in the State of Florida Retirement system ("FRS")and Retirees Health Insurance Subsidy (HIS) plans; a cost-sharing multiple-employer public employee retirement system and defined benefits plan. The FRS System provides for either an investment plan or a defined benefit plan for all state, county, district school board, community college and university employees. The plan is administered by the State of Florida. Contribution rates are established statewide for all participating governmental units. Benefits are established by Chapter 121, Florida Statutes and Chapter 605, Florida Administrative Code and amendments to law can only be made by an act of the Florida State Legislature.

The State issues a publicly available report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to Florida Retirement systems, State of Florida, Tallahassee, Florida, 32399-1560 or via the internet.

Retirement coverage, effective July 1, 2011, is contributory for employees; employers pay additional contributions. Effective July 1st, 2002, the Florida Legislature required a uniform contribution rate system for the Florida Retirement System (FRS), covering both the FRS Pension Plan and the FRS Investment Plan.

(4) Other Information – (Cont.)

FLORIDA RETIREMENT SYSTEM

Defined Benefit Plan

The City participates in the Florida Retirement System ("FRS"), a state-wide cost-sharing multiple-employer public employee retirement system, available to governmental units within the state and administered by the State of Florida Division of Retirement, Department of Administration. General employees and police officers are covered under the FRS. The elected officials of the City are eligible to participate in FRS. All rates, benefits, and amendments are established by the State of Florida through its legislative body.

FRS members with six years of credited service if initially enrolled before July 1, 2011 and eight years of service if initially enrolled after July 1, 2011 are entitled to a retirement benefit, Such benefit, payable monthly for life, is based on 1.6% and for special risk class members (sworn law enforcement officers) 3% times the number of years of credited service, times the average of the member's five highest years of earnings.

Normal retirement age for the Elected Officers' Class is 62 or 30 years of credited service, if initially enrolled before July 1, 2011 and age 65 or 33 years of credited services if initially enrolled on or after July 1, 2011. If a member is vested but has not reached normal retirement age, early retirement can be taken. The amount of the benefit will be reduced by 5.00% for each year the retirement date precedes normal retirement age.

In addition, eligible FRS members can elect to participate in the deferred retirement option program ("the DROP"). The DROP allows an employee to retire and defer their monthly retirement benefit to an interest-bearing account, for up to a maximum of sixty months, and to continue employment with the City. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive payment of the accumulated DROP benefits, and direct receipt, thereafter, of FRS monthly retirement benefit.

Contributions to FRS are made by the City as a percentage of covered payroll. The required contribution rate in effect at September 30, 2025 was 8.47% for administrative employees and 25.48% for police officers who are under special risk designation (1 officer), including a 3.00% contribution rate from employees. Additionally, the City is required to contribute 14.60% for three (3) of the DROP participants. At September 30, 2025, the City had no elected officials participating in FRS, and 4 participants in the DROP.

(4) Other Information – (Cont.)

FLORIDA RETIREMENT SYSTEM

Defined Benefit Plan - (Cont.)

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

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2025, the HIS contribution was 1.66%. The City contributed 100% of its statutorily required contributions for the current year. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The FRS and HIS Plan contribution requirements of covered payroll and actual contributions made for the fiscal year ending September 30, 2025 and the preceding years were as follows:

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016
Contribution requirements	$ 381,369	311,846	258,551	189,838	198,573	140,565	140,626	129,472	98,361	99,610
Contributions made by Employer (100%)	335,746	273,525	223,668	159,666	167,057	110,083	114,429	109,481	85,407	88,135
Contributions made by Employee (100%)	45,623	38,321	34,883	30,172	31,516	30,482	26,197	19,991	12,954	11,475
Total contributions made	381,369	311,846	258,551	189,838	198,573	140,565	140,626	129,472	98,361	99,610
Total covered payroll	$1,635,081	1,508,231	1,360,913	1,181,617	1,106,942	1,167,128	1,123,494	990,595	842,370	768,814
Percent of contributions to total covered payroll	23.32%	20.68%	18.99%	16.07%	17.94%	12.04%	12.52%	13.07%	11.67%	12.96%

The City's contributions, including employee contributions of $45,045 to the Pension Plan was $381,369 in retirement contribution for the fiscal year ended September 30, 2025.

FRS

Pension Liabilities, Pension Expense, and Deferred Outflows *of Resources and Deferred Inflows of Resources Related to Pensions* – At September 30, 2025, the City reported a liability of $1,752,725 for its proportionate share of the Pension Plan's net pension liability. The net pension

(4) Other Information – (Cont.)

FLORIDA RETIREMENT SYSTEM

Defined Benefit Plan – (Cont.)

liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportionate share of the net pension liability was based on the City's 2024-25 fiscal year contributions relative to the 2024-2025 fiscal year contributions of all participating members. At June 30, 2025, the City's proportionate share was 0.004271164 percent.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 141,584	$ -
Change of assumptions	153,932	-
Net difference between projected and actual earnings on FRS pension plan investments	-	221,316
Changes in proportion and differences between City FRS contributions and proportionate share of FRS contributions	251,633	59,959
City FRS contributions subsequent to the measurement date	-	-
	$ 547,149	$ 281,275

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Reporting Period Ending September 30,	FRS
2026	$ 17,484
2027	17,484
2028	17,484
2029	17,484
2030	17,484
Thereafter	178,454
Total	$ 265,874

(4) Other Information – (Cont.)

FLORIDA RETIREMENT SYSTEM

Defined Benefit Plan - (Cont.)

FRS issues an annual report including the disclosures above, a statement of financial condition, historical and statistical information and an actuarial report. A copy can be obtained from the State of Florida, Department of Management Services, Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, Florida 32399 or online at www.myfrs.com.

HIS

Pension Liabilities, Pension Expense, and Deferred Outflows *of Resources and Deferred Inflows of Resources Related to Pensions* – At September 30, 2025, the City reported a liability of $427,164 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The City's proportionate share of the net pension liability was based on the City's 2024-2025 fiscal year contributions relative to the 2024-2025 fiscal year contributions of all participating members. At June 30, 2025, the City's proportionate share was 0.003332676 percent.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,550	$ 678
Change of assumptions	3,781	103,320
Net difference between projected and actual earnings on HIS pension plan investments	-	356
Changes in proportion and differences between City HIS contributions and proportionate share of contributions	76,651	18,958
City HIS contributions subsequent to the measurement date	-	-
	$ 82,982	$123,312

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

(4) Other Information – (Cont.)

FLORIDA RETIREMENT SYSTEM

Defined Benefit Plan - (Cont.)

Reporting Period Ending September 30,	HIS
2026	$ 4,187
2027	4,187
2028	4,187
2029	4,187
2030	4,187
Thereafter	19,395
Total	$ 40,330

Miscellaneous Revenues

Other Revenue in the General Government Fund types as of September 30, 2025 is as follows:

	General	Other Governmental Funds	Total
Rents	$ -	-	-
Other Miscellaneous Income	62,293	(7,839)	54,454
	$ 62,293	(7,839)	54,454

Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to compliance audits by grantor agencies, principally federal and state governments. Any disallowed expenses, including amounts already collected, might constitute a liability of the applicable funds. The City does not believe any contingent liabilities are material.

Reserve/Designations

The City records reserves of governmental funds which represents portions of fund balances which are segregated for specific future uses.

Other Reserves –

Vehicle and Equipment	$ 479,212

(4) Other Information – (Cont.)

Special Revenue Funds:

The City maintains special revenue funds to account for external or internal restrictions placed on revenue sources. A summary of restrictions that meet the criteria for restricted net position is as follows:

Local Option Gas Tax – Tax levied for transportation projects and restricted per Florida Statutes.

Infrastructure Surtax – Tax levied, restricted for infrastructure purposes only as to use per agreement with Monroe County and Florida Statutes.

Impact Fees – An account that is restricted for use for public safety, transportation, libraries, solid waste or parks per agreement with Monroe County and Florida Statutes.

Building Department: This fund is used to account for the collection and expenditure of building permit fees as restricted per Florida Statutes.

Lease Revenues – Golf Course Lease

The City has a lease agreement for the operation and management of its golf course. The lessee has paid a security deposit in the amount of $20,000. The interest earned on those monies inures to the lessee.

Violations of Law

The audit did not disclose any violations of law, significant or otherwise, for material over expenditures at the legal level of control identified in the budgetary comparison schedules.

(5) 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.

(5) Other Post-Employment Health Care Benefits (Cont.)

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. There are currently no participating retirees in the group health program.

The City provides no funding for any portion of the premiums after retirement. However, the City recognized 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.

(6) Litigation

The City is involved in various ongoing claims. The City and its legal counsel have evaluated these claims and either the City's insurance has accepted coverage and defense of the litigation and believe the City is likely to prevail on all claims or it is too early in the process to estimate any exposure to the City. Any potential exposure

is not considered by the City to be material at this time and, as such, the financial statements do not include any adjustments that may be necessary in the circumstances.

(7) Management Review and Subsequent Events

The Company has evaluated subsequent events for disclosure and recognition through March 17, 2026, the date on which these financial statements were available to be issued.

CITY OF KEY COLONY BEACH, FLORIDA

Budgetary Comparison Schedule
General Fund

For the Year Ended September 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Balance Original	Final	Actual	
Revenues:				
Taxes	$3,246,270	3,246,270	3,239,029	(7,241)
Licenses and Permits	1,058,000	1,058,000	1,107,906	49,906
Intergovernmental Revenues	314,000	314,000	315,954	1,954
Charges for Services	107,949	107,949	112,119	4,170
Fines	-	-	-	-
Interest Earnings	225,000	225,000	124,897	(100,103)
Grant	52,993	52,993	166,261	113,268
Other and contributions	300,661	300,661	327,939	27,278
Total Revenues	5,304,873	5,304,873	5,394,105	89,232
Expenditures:				
Current:				
General Government	$1,686,259	1,686,259	1,737,469	(51,210)
Contingency-Hurricane	-	-	-	-
Public Safety	2,439,100	2,439,100	2,254,572	184,528
Physical Environment				
Public Works	652,940	652,940	663,830	(10,890)
Culture and Recreation				
Parks	315,372	315,372	353,452	(38,080)
Transportation –				
Causeway Repairing	-	-	-	-
Debt Service				
Interest and Fiscal Charges	-	-	-	-
Capital Outlay/Reserves	-	-	-	-
Total Expenditures	5,093,671	5,093,671	5,009,323	84,348

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Budgetary Comparison Schedule
Local Option Gas Tax

For the Year Ended September 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Balance Original	Final	Actual	
Revenues:				
Taxes:				
Local Option Gas Tax	$ 39,500	39,500	41,059	1,559
Intergovernmental Revenues:				
State & County Shared Revenues	31,812	31,812	31,909	97
Grants	-	-	-	-
Interest Earnings	18,500	18,500	18,366	(134)
Total Revenues	89,812	89,812	91,334	1,522
Expenditures:				
Transportation Expenditures	$ 101,000	101,000	74,851	26,149
Capital Outlays	-	-	-	-
Total Expenditures	101,000	101,000	74,851	26,149

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Budgetary Comparison Schedule
Infrastructure Surtax

For the Year Ended September 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Balance Original	Final	Actual	
Revenues:				
Taxes:				
Infrastructure Tax	$ 396,172	396,172	382,502	(13,670)
Interest Earnings	77,000	77,000	81,143	4,143
Grants	-	-	47,750	47,750
Total Revenues	473,172	473,172	511,395	38,223
Expenditures:				
Culture and Recreation	$ -	-	-	-
Hurricane Cleanup	-	-	-	-
Transportation	-	-	-	-
Culture and Recreation	-	-	-	-
Principal reduction	-	-	-	-
Interest and fiscal charges	161,355	161,355	21,819	139,536
Capital Outlay	25,000	25,000	25,000	-
Total Expenditures	186,355	186,355	46,819	139,536

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Budgetary Comparison Schedule
Impact Fees Fund

For the Year Ended September 30, 2025

	Budget			Variance with Final Budget Positive (Negative)
	Balance Original	Final	Actual	
Revenues:				
Interest Earnings	$ 9,915	9,915	7,861	(2,054)
Other Fees	-	-	-	-
Total Revenues	9,915	9,915	7,861	(2,054)
Expenditures:				
Culture and recreation	$ 16,000	16,000	75,155	(59,155)
Capital Outlay	-	-	-	-
Total Expenditures	16,000	16,000	75,155	(59,155)

See accompanying notes to financial statements.

CITY OF KEY COLONY BEACH, FLORIDA

Note to Budgetary Comparison Schedules

For the Year Ended September 30, 2025

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

An annual appropriated budget is adopted for the General Fund, Local Gas Option Tax Fund, Infrastructure Surtax Fund, and Impact Fees 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 Clerk submits to the City Commission 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 hearing are conducted to obtain taxpayer comments.

c. Prior to October 1st, the budget is legally enacted through passage of a resolution.

d. The City Commission, by motion, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated.

e. The City management 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 Commission. Therefore, the legal level of control is at the commission 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 Commission to reclassify expenditures in the General Fund; however, overall expenditures did not change from the original budget.

g. Appropriations which are neither expended nor specifically designated to be carried over, lapse at the end of the fiscal year.

CITY OF KEY COLONY BEACH, FLORIDA

Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
and Schedule of Contributions
Florida Retirement System (FRS) Pension Schedule
(in thousands)

For the Year Ended September 30, 2025

	FRS (000's)	HIS (000's)
Florida Retirement System Plan:		
Total pension liability	$ 243,620,457	$ 13,687,703
Plan fiduciary net position	(212,585,326)	(870,258)
Net pension liability	$ 31,035,131	$ 12,817,445
Plan fiduciary net position as a percentage of the total pension liability	87.26%	6.36%
City of Key Colony Beach, Florida:		
Share of net pension liability as a percentage	0.004271164%	0.003332676%
Share of net pension liability as an amount	$ 1,325,561	$ 427,164
Covered-employee payroll	$1,635,081	$1,635,081
City's share net pension liability as a percentage of covered-employee payroll	81.07%	26.12%
Contributions:		
Contractually required contributions	$255,018	$ 29,786
Contributions made	255,018	29,786
Contribution deficiency (excess)	$ -	$ -
Covered employee payroll	$1,635,081	$1,635,081
Contribution as a percentage of covered payroll	15.60%	1.8216%

CITY OF KEY COLONY BEACH, FLORIDA
Schedule of Proportionate Share of Net Pension Liability
Florida Retirement System Pension Plan
Last 10 Fiscal Years*
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	.004271164	.003592879%	.00342675%	.003041001%	.003695196%	.003981630%	.003920538	0.003519139%	0.002833244%	0.003019982%
Proportionate share of the net pension liability	$1,325,561	1,389,894	1,365,262	1,131,497	279,130	1,725,697	1,350,719	1,059,983	838,055	762,548
Covered payroll	$1,635,081	1,508,231	1,360,913	1,181,617	1,106,942	1,167,128	1,123,494	990,595	842,730	768,814
Proportionate share of the net pension liability as a percentage of its covered payroll	81.07%	92.15%	100.32%	95.76%	25.22%	147.86%	120.22%	107%	99.45%	99%
Plan fiduciary net position as a percentage of total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

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

CITY OF KEY COLONY BEACH, FLORIDA
Schedule of Proportionate Share of Net Pension Liability
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years*
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	.003332676	.002909991%	.002840074%	.002661283%	.002950114%	.003216131%	.00322535%	0.002972866%	0.002404191%	0.002512935%
Proportionate share of the net pension liability	$427,164	436,527	451,042	281,072	361,876	392,684	360,849	314,654	257,067	292,872
Covered payroll	$1,635,081	1,508,231	1,360,913	1,181,617	1,106,942	1,167,128	1,123,494	990,595	842,730	768,814
Proportionate share of the net pension liability as a percentage of its covered payroll	26.12%	28.94%	33.14%	23.79%	32.69%	33.65%	32.12%	31.76%	30.5%	38%
Plan fiduciary net position as a percentage of total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3%	2.63%	2.15%	1.64%	0.97%

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

CITY OF KEY COLONY BEACH, FLORIDA
Schedule of Contributions
Florida Retirement System Pension Plan
Last 10 Fiscal Years*
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$255,018	203,452	164,826	129,765	140,771	132,292	121,565	100,293	73,756	73,647
Contributions in relation to the contractually required contribution	255,018	203,452	164,826	129,765	140,771	132,292	121,565	100,293	72,683	75,255
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	1,073	(1,608)
City of Key Colony Beach, Florida's covered payroll	$1,635,081	1,508,231	1,360,913	1,181,617	1,106,942	1,167,128	1,123,494	990,595	842,730	768,814
Contributions as a percentage of covered payroll	15.60%	13.49%	12.11%	10.98%	12.72%	11.33%	10.82%	10.12%	8.62%	10%

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

CITY OF KEY COLONY BEACH, FLORIDA
Schedule of Contributions
Retiree Health Insurance Subsidy Program
Last 10 Fiscal Years*
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$29,786	24,637	18,683	16,103	17,341	18,533	17,908	16,122	12,724	12,880
Contributions in relation to the contractually required contribution	29,786	24,637	18,683	16,103	17,341	18,533	17,908	16,122	12,724	12,880
Contribution deficiency (excess)	$ -	-	-	-	-	-	-	-	-	-
City of Key Colony Beach, Florida's covered payroll	$1,635,081	1,508,231	1,360,913	1,181,617	1,106,942	1,167,128	1,123,494	990,595	842,730	768,814
Contributions as a percentage of covered payroll	1.8216%	1.6335%	1.3728%	1.3627%	1.5665%	1.5879%	1.5939%	1.6275%	1.51%	2%

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

CITY OF KEY COLONY BEACH, FLORIDA

Note to FRS Pension Schedules

For the Fiscal Year Ending September 30, 2025

Assumptions:

1. The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of June 30, 2023, using the individual entry age actuarial cost method.
2. Inflation increases for both plans is assumed at 2.4%
3. Payroll growth for both plans is assumed at 3.5%.
4. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.7%.
5. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.
6. The municipal bond rate (the Bond Buyer General Obligation 20-year Bond Municipal Bond Index) was used to determine total pension liability for HIS is 5.2%.

Benefit Types:

1. FRS Pension Plan’s retirees receive a lifetime pension benefit with joint and survivor payment options.
2. HIS Program is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS Payment equal to the number of years of service credited at retirement multiplied by $5. The minimum payment is $30 and the maximum payment is $150 per month, pursuant to section 112.363, Florida Statutes.

CITY OF KEY COLONY BEACH, FLORIDA

Schedule of Expenditures of State Financial Assistance

Fiscal Year Ended September 30, 2025

State Grant, Pass Through Entity State Assistance	CFSA No.	Contract/ Grant No.	Total Expenditures
Florida Department of Environmental Protection:			
Wastewater Restoration Project	37.039	LPA 0311	$ 1,117,032
Water Reclamation Facility	37.039	KG 005	633,156
Water Quality Restoration	37.039	LPA 0448	233,106
			1,983,294
FRDAP Grant – Parks	-	-	47,749
Total Expenditures of State Financial Assistance			$ 2,031,043

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

CITY OF KEY COLONY BEACH, FLORIDA

Notes to Schedule of Expenditures of State Financial Assistance

Fiscal Year Ended September 30, 2025

NOTE 1 – GENERAL AND BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) presents the activity of all state financial assistance of the City of Key Colony Beach, Florida (the City) for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of *Chapter 10.550, Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City. The City's reporting entity is defined in Note 1 of the City's basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule is presented using the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. The information in this Schedule is presented in accordance with the requirements of the *Rules of the Department of Financial Services, State of Florida*.

NOTE 3

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

Section I – Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	__X__ No
Significant deficiency(ies) identified that are not considered to be material weaknesses	____ Yes	__X__ None Reported
Noncompliance material to financial statements noted	____ Yes	__X__ No

State Financial Assistance

Internal control over major project:		
Material weakness(es) identified?	____ Yes	__X__ No
Significant deficiency(ies) identified that are not considered to be material weaknesses	____ Yes	__X__ None Reported
Type of auditor's report issued on compliance: for major project:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, Rules of the Florida Auditor General?	____ Yes	__X__ No

Identification of major projects:

CFSA Number(s) /Contract No.	Name of State Project
37.039 LPA 0311	Wastewater Restoration Project

Dollar threshold used to distinguish between type A and type B programs:	$609,313

Section II – Financial Statements Findings

None reported.

Section III – Federal Award Findings

None reported.

Summary of Schedule of Prior Audit Findings

No findings were reported for fiscal year ended September 30, 2024.

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REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE; REQUIRED BY CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Independent Auditor's Report

Honorable Mayor and City Commissioners
City of Key Colony Beach, Florida:

Report on Compliance for Each Major State Project

Opinion on Each Major State Program
We have audited the City of Key Colony Beach, Florida's (the City) compliance with the types of compliance requirements described in the Florida Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on the City's major state projects for the year ended September 30, 2025. The City's major state project is 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 compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program and State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.550 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibility 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 and state programs.

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 and 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 Chapter 10.550, Rules of the Auditor General will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major state project as a whole.

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibility for the Audit Compilation section 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 and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above.

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.

Purpose of the Report

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 Chapter 10.550, Rules of the Auditor General of the State of Florida. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550, Rules of the Auditor General

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 17, 2026, which contained unmodified opinions on those financial statements. 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 Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis, as required by Chapter 10.550, *Rules of the Auditor General,* and is 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 or to the basic financial statements themselves. The information

has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of City management, state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Smith, Buzzi & Associates, LLC.

Miami, Florida
March 17, 2026

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

Honorable Mayor and City Commissioners
City of Key Colony Beach, Florida:

We have audited, 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 the financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of City of Key Colony Beach, Florida (the "City") as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprises the City's basic financial statements and have issued our report thereon dated March 17, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 Organization'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 material weaknesses or significant deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, an 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith, Buzzi & Associates, LLC.

Miami, Florida
March 17, 2026

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

Honorable Mayor, and City Council
City of Key Colony Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Key Colony Beach, Florida (the "City"), as of and for the year ended September 30, 2025, and have issued our report thereon dated March 17, 2026.

Auditor's Responsibility

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; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and 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 State Project and 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, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports and schedule, which are dated March 17, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City of Key Colony Beach, Florida was established by Chapter 24386 special acts of 1963 of the Florida Legislature. This information has been disclosed in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of 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. 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. This assessment has been performed as of the fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate in the management letter 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. Following is a list of all program administrators and third-party administrators that administered on behalf of the City via Monroe County's PACE program during FY 2025:

Wendi Leach
Executive Director
Phone: (850)400-PACE (7223)
Email: Wendi@FloridaPACE.gov

Ahisha Rodriguez
PACE Program Supervisor Florida Resiliency and Energy District
Florida Development Finance Corporation
Phone: (407)712-6352
Email: arodriguez@fdfcbonds.com

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 in the previous paragraph.

Special District Component Units

Section 10.554(1)(i)5.c. and 10.556(7), Rules of the Auditor General, requires if appropriate that we communicate the failure of a special district that is a component unit of a county, municipality or special district to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the City in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b).

Additional Matters

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

Purpose of this Letter

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

Smith, Buzzi & Associates, LLC.

Miami, Florida
March 17, 2026

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES – INVESTMENT OF PUBLIC FUNDS

Honorable Mayor, and City Council
City of Key Colony Beach, Florida
Key Colony Beach, Florida

We have examined City of Key Colony Beach, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes during the year ended September 30, 2025. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements of Section 218.415 Florida Statutes for the year ended September 30, 2025.

This report is intended solely for the information and use of City 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.

SMITH, BUZZI AND ASSOCIATES, LLC.

Smith, Buzzi & Associates, LLC.

Miami, Florida
March 17, 2026