Caroline Street Corridor and Bahama Village Community Redevelopment Agency

(A Component Unit of the City of Key West, Florida)

Basic Financial Statements
For the Year Ended September 30, 2023

Keefe McCullough
50 YEARS
CPA's + Trusted Advisors

Caroline Street Corridor and Bahama Village Community Redevelopment Agency

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Key West, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Caroline Street Corridor and Bahama Village Community Redevelopment Agency (the "Agency"), as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency'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 and each major fund of the Agency, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and budgetary comparison schedules on pages 25 and 26 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.

Other Reports Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2024, on our consideration of the Agency'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 Agency'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 Agency's internal control over financial reporting and compliance.

Keefe McCullough

KEEFE MCCULLOUGH

Fort Lauderdale, Florida
April 11, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Keefe McCullough
50 YEARS
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Our discussion and analysis of the Caroline Street Corridor and Bahama Village Community Redevelopment Agency (the "Agency") financial performance provides an overview of the Agency's financial activities for the years ended September 30, 2023 and 2022. Please read it in conjunction with the Agency's basic financial statements, which immediately follow this discussion.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2023:

- The Agency's total assets exceeded its liabilities at September 30, 2023 by $ 15,079,613 (net position).
- The governmental activities revenue totaled $ 3,224,365: $ 1,398,636 from incremental tax receipts, $ 1,392,782 from intergovernmental federal funding, $ 432,703 from investment earnings and $ 244 from fines and forfeitures.
- Transfers in from the City of Key West (the "primary government") were $ 1,154,826 for the current year compared to $ 1,040,477 in the prior year. These transfers in represent tax incremental revenues collected by the City of Key West on behalf of the Agency.
- The overall taxable value of the Agency's redevelopment area was $ 671,986,960, an increase of $ 71,056,592 over the previous year's value.
- At the end of the year, the Agency reported a fund balance of $ 10,152,386, an increase of $ 3,043,354 from the previous fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide financial statements: The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the Agency's finances, using accounting methods similar to those used by a private-sector business.

The statement of net position presents financial information of all of the Agency's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. The change in net position over time may be an indicator of whether the Agency's financial health is improving or deteriorating.

The statement of activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency has only one fund type: governmental funds.

The Agency maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Bahama Village Fund and Caroline Street Fund. Both of the funds are considered to be major funds.

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

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

The governmental fund financial statements can be found on pages 10 through 13 of this report.

Notes to the financial statements: The notes to the financial statements provide additional information essential to a complete understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 24 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position.

The following table reflects the condensed government-wide statement of net position as of September 30, 2023 and 2022:

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Net Position

	2023	2022
Current assets	$ 10,885,219	$ 7,196,612
Capital assets	4,927,227	3,949,711
Total assets	15,812,446	11,146,323
Current liabilities	732,833	87,580
Total liabilities	732,833	87,580
Net position:		
Net investment in capital assets	4,846,825	3,949,711
Restricted	10,232,788	7,109,032
Total net position	$ 15,079,613	$ 11,058,743

Governmental Activities: Governmental activities for the year ended September 30, 2023 increased the Agency's net position by $ 4,020,870, as reflected in the table below:

	2023	2022
Revenues:		
General revenues:		
Intergovernmental	$ 1,392,782	$ -
Tax incremental	1,398,636	1,273,755
Investment earnings	432,703	46,910
Miscellaneous	244	169
Total revenues	3,224,365	1,320,834
Expenses:		
Economic environment	260,751	299,688
Total expenses	260,751	299,688
Excess before transfers	2,963,614	1,021,146
Transfers (net)	1,057,256	(1,031,157)
Change in net position	4,020,870	(10,011)
Net Position, Beginning of Year	11,058,743	11,068,754
Net Position, End of Year	$ 15,079,613	$ 11,058,743

Capital Assets

The Agency's investment in capital assets, less accumulated depreciation, for its governmental activities as of September 30, 2023 amount to $ 4,927,227, and consists of construction in progress, infrastructure and machinery, equipment and furniture.

Agency Budgetary Highlights

Caroline Street Fund revenues were $ 125,563 more than the final budget projections. This was due to investment earnings being more than budgeted in the fiscal year. Caroline Street Fund expenditures were $ 1,375,364 less than the final budget projections. This was due to capital outlay expenditures being less than budgeted in the fiscal year.

Bahama Village Fund revenues were $ 195,479 less than the final budget projections. This was due to intergovernmental funding being lower than budgeted in the fiscal year. Bahama Village Fund expenditures were $ 2,773,051 less than the final budget projections. This was due to capital outlay being less than budgeted in the fiscal year.

Economic Factors and Next Year's Budgets

According to the Monroe County Property Appraiser, the total taxable value for fiscal year 2022/23 Bahama Village Subarea and the Caroline Street Corridor Subarea was $ 347,098,170 and $ 324,888,790, respectively. The total taxable value for the base year fiscal year 1996/97 for the Bahama Village Subarea remains at $ 46,516,303 and $ 41,662,133 for the Caroline Street Corridor Subarea. Pursuant to Section 163.3872b, Florida Statutes, the taxing authorities (City of Key West and Monroe County) paid into the subareas for fiscal year 2022/23 a total of $ 2,553,462; $ 1,314,685 for the Bahama Village Subarea and $ 1,238,777 for the Caroline Street Corridor Subarea. Total taxable value subarea growth from fiscal year 2022/23 to fiscal year 2023/24 was 16.5 percent for the Bahama Village Subarea and 9.72 percent for the Caroline Street Corridor Subarea. As we predicted, property values continued to grow over the fiscal year 2022/2023, however based on the current economic environment, we believe that this growth will level out to be more comparable to the average growth over the last 5 fiscal years of between 8 and 9 percent for the two subareas. The development of the fiscal year 2024/25 operating budget for both the Bahama Village and Caroline Street Corridor Subareas will take this conservative property growth forecast and utilize the funds to continue to support the construction of the Douglass Community Center project as well as initiatives in storm drain improvements and affordable housing throughout the Bahama Village subarea. A street and sidewalk renovation is in the construction phase in the Caroline Street Corridor subarea along with various cosmetic enhancements and a community policing efforts which are in the planning and development stages.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Key West, P.O. Box 1409, Key West, FL 33041.

FINANCIAL STATEMENTS

Keefe McCullough
50 YEARS
CPA's + Trusted Advisors

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Statement of Net Position
September 30, 2023

		Governmental Activities
Assets:		
Cash, cash equivalents and investments	$	10,885,219
Capital assets:		
Non-depreciable		1,509,479
Depreciable (net of accumulated depreciation)		3,417,748
Total assets		15,812,446
Liabilities:		
Accounts payable and accrued liabilities		651,389
Contracts and retainage payable		80,402
Due to primary government		1,042
Total liabilities		732,833
Net Position:		
Net investment in capital assets		4,846,825
Restricted for:		
Housing initiatives and urban redevelopment		10,232,788
Total net position	$	15,079,613

The notes to the financial statements are an integral part of this statement.

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Statement of Activities
For the Year Ended September 30, 2023

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Governmental Activities: Net (Expenses) Revenues and Changes in Net Position
Governmental activities:					
Economic environment	$ 260,751	$ -	$ -	$ -	$ (260,751)
Total primary government	$ 260,751	$ -	$ -	$ -	(260,751)
General revenues:					
Intergovernmental					1,392,782
Tax incremental revenue					1,398,636
Investment earnings					432,703
Miscellaneous					244
Net transfers from primary government					1,057,256
Total general revenues and transfers					4,281,621
Change in net position					4,020,870
Net position - October 1					11,058,743
Net position - September 30					$ 15,079,613

The notes to the financial statements are an integral part of this statement.

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Balance Sheet - Governmental Funds
September 30, 2023

	Caroline Street Fund	Bahama Village Fund	Total Governmental Funds
Assets:			
Cash, cash equivalents and investments	$ 2,918,409	$ 7,966,810	$ 10,885,219
Total assets	$ 2,918,409	$ 7,966,810	$ 10,885,219
Liabilities:			
Accounts payable and accrued liabilities	$ 2,329	$ 649,060	$ 651,389
Contracts and retainage payable	-	80,402	80,402
Due to primary government	521	521	1,042
Total liabilities	2,850	729,983	732,833
Fund Balances:			
Restricted for:			
Housing initiatives and urban redevelopment	2,915,559	7,236,827	10,152,386
Total fund balances	2,915,559	7,236,827	10,152,386
Total liabilities and fund balances	$ 2,918,409	$ 7,966,810	$ 10,885,219

The notes to the financial statements are an integral part of this statement.

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2023

Fund Balances - Total Governmental Funds		$ 10,152,386
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Governmental capital assets	$ 6,621,153	
Less: accumulated depreciation	(1,693,926)	4,927,227
Net Position of Governmental Activities		$ 15,079,613

The notes to the financial statements are an integral part of this statement.

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2023

	Caroline Street Fund	Bahama Village Fund	Total Governmental Funds
Revenues:			
Intergovernmental	$ -	$ 1,392,782	$ 1,392,782
Taxes	678,529	720,107	1,398,636
Investment earnings	128,063	304,640	432,703
Fines and forfeitures	-	244	244
Total revenues	806,592	2,417,773	3,224,365
Expenditures:			
Economic environment	19,243	36,414	55,657
Capital outlay	116,477	1,066,133	1,182,610
Total expenditures	135,720	1,102,547	1,238,267
Excess (deficiency) of revenues over (under) expenditures	670,872	1,315,226	1,986,098
Other Financing Sources (Uses):			
Transfers in from primary government	560,248	594,578	1,154,826
Transfers out to primary government	(41,860)	(55,710)	(97,570)
Total other financing sources (uses)	518,388	538,868	1,057,256
Net change in fund balances	1,189,260	1,854,094	3,043,354
Fund Balances - October 1	1,726,299	5,382,733	7,109,032
Fund Balances - September 30	$ 2,915,559	$ 7,236,827	$ 10,152,386

The notes to the financial statements are an integral part of this statement.

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2023

Net Change In Fund Balances - Total Governmental Funds		$ 3,043,354
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	1,182,610	
Less: current year provision for depreciation	(205,094)	977,516
Change in Net Position of Governmental Activities		$ 4,020,870

The notes to the financial statements are an integral part of this statement.

Note 1 - The Financial Reporting Entity

The Caroline Street Corridor and Bahama Village Community Redevelopment Agency (the "Agency") was established by the City of Key West, Florida (the "City") under authority granted by Florida Statute 163, Part III. The City determined that the Agency was necessary to further economic development and community enhancement consistent with the City's Comprehensive and Strategic Plan. The Agency is charged with focusing on two non-contiguous redevelopment areas encompassing a total of approximately 127 acres; (a) the Caroline Street Corridor subarea and (b) the Bahama Village subarea. The redevelopment areas were originally established in 1992 and subsequently amended. The elected officials of the City are the members of the Board of Commissioners of the Agency. The Board exercises all powers granted to the Agency pursuant to Chapter 163, Part III of the Florida Statutes.

As defined by generally accepted accounting principles, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the application of these criteria, the Agency was evaluated and determined to be a component unit of the City of Key West, Florida. Although it is legally separate from the City, the Agency's sole purpose is to finance and redevelop the City's designated redevelopment areas and the tax increment financing allocated to the Agency is considered evidence of the City's obligation to provide continuing financial support to the Agency. Consequently, the Agency is reported in the City of Key West's financial statements using the blended method.

Additionally, as a result of evaluating the above criteria, management has determined that no units exist for which the Agency is financially accountable and which would require their inclusion in the Agency's basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Basis of presentation: The Agency's basic financial statements include both government-wide (reporting the Agency as a whole) and fund financial statements (reporting the Agency's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the Agency's activities are classified as governmental activities.

Financial Statements - Government-Wide Statements: In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full-accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations, when and if applicable.

The government-wide statement of activities reports both the gross and net cost of each of the Agency's functions. The net costs, by function, are also supported by general revenues, other revenue, etc. The statement of activities reduces gross expenses by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflect capital-specific grants. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Note 2 - Summary of Significant Accounting Policies (continued)

As a general rule, the effect of interfund activity of the Agency is eliminated from the government-wide financial statements.

Financial Statements - Fund Financial Statements: The fund financial statements provide information about the Agency's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Agency has two major governmental funds:

> **Caroline Street Fund -** To account for proceeds and disbursements associated with the acquisition of property or establishment of community development programs within the designated redevelopment area.
>
> **Bahama Village Fund -** To account for proceeds and disbursements associated with the acquisition of property or establishment of community development programs within the designated redevelopment area.

The annual audit of these funds included an evaluation in light of the applicable requirements of Florida Statute 163.387. Per the Agency's management, the year-end fund balance of approximately $ 10.2 million has been restricted for housing initiatives and urban redevelopment pursuant to the Community Redevelopment Plan.

Measurement focus and basis of accounting: The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Incremental 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.

The 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 Agency 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 and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under right to use leases are reported as other financing sources.

Intergovernmental revenues 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Agency.

Note 2 - Summary of Significant Accounting Policies (continued)

Budget: A budget is adopted for each of the Agency funds on an annual basis. The level of control at which the expenditures may not exceed budget is at the major category level. Amendments to budgeted expenditures must be approved by the Board of Commissioners.

The Agency follows these procedures in establishing the budgetary data reflected in the financial statements:

a. Each year the finance staff with the help of each department director/manager submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following October 1.

b. Two public hearings are conducted to obtain taxpayer comments.

c. Prior to October 1, the budget is legally enacted through passage of a resolution and adopted by the Board of Commissioners.

d. The budgets are adopted on a basis consistent with generally accepted accounting principles.

Deposits and Investments: Cash and cash equivalents are considered to be demand deposits, money market accounts and other short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the Agency are generally carried at estimated fair value, which is based on quoted market prices and other pricing models. Unrealized gains and losses in estimated fair value are recognized.

Capital assets: Capital assets, which include machinery, equipment and furniture and infrastructure (e.g., roads, drainage improvements, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $ 1,000 and an estimated useful life in excess of two years. All assets are depreciated using the straight-line method of depreciation. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at acquisition value at the date of acquisition.

The cost of normal maintenance and repair that does not add to the value of the asset or materially extend asset life is not capitalized. The estimated useful lives of the Agency's capital assets are as follows:

Infrastructure	30-50 years
Machinery, equipment, and furniture	3-10 years

Net position/fund balance: Net position in the government-wide is categorized as net investment in capital assets, restricted, or unrestricted. Net investment in capital assets is the difference between the cost of capital assets, less accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets plus unspent bond proceeds and deferred changes on refunding.

Restricted consists of net position with constraints placed on their use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted indicates that portion of net position that is available to fund future operations. When both restricted and unrestricted resources are available for use, it is the Agency's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Note 2 - Summary of Significant Accounting Policies (continued)

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Agency classifies prepaid items, deposits, and the long-term portion of loans, notes receivables, and leases as well as property acquired for resale, as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.

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

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Agency Board of Commissioners (the "Board"). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.

Assigned: This classification includes amounts that are constrained by the Agency's intent to be used for a specific purpose, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the Agency Manager through the budgetary process. This classification also includes the remaining positive fund balance for all of the Agency's governmental funds.

The Agency would typically use restricted fund balances first, followed by committed fund balances, and then assigned fund balances.

Deferred outflows and inflows of resources: In addition to assets, the statement of net position will periodically report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency did not have any deferred outflows of resources as of September 30, 2023.

In addition to liabilities, the statement of net position will periodically report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency did not have any deferred inflows of resources as of September 30, 2023.

Use of estimates: The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Summary of Significant Accounting Policies (continued)

Date of management review: Subsequent events have been evaluated by management through April 11, 2024, which is the date the financial statements were available to be issued.

Note 3 - Deposits and Investments

Deposits: GASB Statement No. 40, *Deposit and Investment Risk Disclosures* requires governments to disclose deposits and investments exposed to custodial credit risk. For deposits, this is the risk that, in the event of the failure of a depository financial institution, a government may not be able to recover deposits nor be able to recover collateral securities that are in the possession of an outside party.

The Agency's deposits must be placed with banks and savings and loans which are qualified as public depositories under Chapter 280, Florida Statutes. Monies deposited in amounts greater than the insurance coverage are covered by the participation of the bank in the Florida Security for Public Deposits Act. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

At September 30, 2023, the carrying amount of the Agency's deposits was $ 2,576,224.

Investments: As of September 30, 2023, the carrying value of the Agency's cash, cash equivalents and investments, was as follows:

	Cash	Cash Equivalents	Investments	Total
Cash, cash equivalents and investments	$ 2,576,224	$ 2,047	$ 8,306,948	$ 10,885,219

As of September 30, 2023, the Agency's investment maturities and credit ratings were as follows:

	Market Value	Investment Maturities (in years)		S&P Credit Rating
		Less than 1	1-5	
U.S. Government and Government Sponsored Entity Bonds/Notes	$ 185,508	$ -	$ 185,508	AAA
Money Market Mutual Funds	2,047	2,047	-	Not Rated
Florida Fixed Income Trust	3,203,425	3,203,425	-	AAAf*
Florida Public Assets for Liquidity Management	679,003	679,003	-	AAAm
State Investment Pool: Florida Prime	4,239,012	4,239,012	-	AAAm
	$ 8,308,995	$ 8,123,487	$ 185,508	

* Includes both AAAf and not rated investments

Note 3 - Deposits and Investments (continued)

The Florida State Board of Administration ("SBA") Pool, hereinafter referred to as "Florida PRIME", is not a registrant with the Securities and Exchange Commission ("SEC"); however, its board has adopted operating procedures consistent with the requirements for a 2a-7 fund. For the Florida PRIME, a 2a-7 like pool, the value of the Agency's position is the same as the value of the pool shares and is recorded at amortized cost. In accordance with these requirements, the method used to determine the participants' shares sold and redeemed is the amortized cost method. Amortized cost includes accrued income and is a method of calculating an investment's value by adjusting its acquisition cost for the amortization of discount or premium over the period from purchase to maturity.

Thus, the Agency's account balance in the SBA is its amortized cost. The SBA is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the SBA. Additionally, the Office of the Auditor General of the State of Florida performs the operational audit of the activities and investments of the SBA. The SBA accounts are not subject to custodial credit risk as these investments are not evidenced by securities that exist in physical or bank entry form.

The Agency also invests surplus funds in the Florida Public Assets for Liquidity Management ("FL PALM"). FL PALM is a common law trust organized under the laws of the State of Florida and is a SEC Rule 2a-7 like external investment pool similar to money market funds in which shares are owned in the fund rather than the underlying investments. These amounts are reported at amortized cost which approximates fair value. The investments in FL PALM are not insured by FDIC or any other governmental agency.

In accordance with *GASB Statement No. 79, Certain External Investment Pools and Pool Participants*, the Agency's investments in Florida PRIME and FL PALM meet the definition of a qualifying investment pool that measures for financial reporting purposes all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Interest rate risk: To the extent possible, the Agency's investment policy limits the investment maturities of current operating funds to no longer than twenty-four months. The investment policy also provides maturity limitations by investment type. The investments at September 30, 2023 meet the Agency's investment policy restrictions.

Credit risk: The Agency's investment policy limits risk by restricting authorized investments to the following: Florida Local Government Surplus Funds (SBA), direct obligations of the United States or its agencies and instrumentalities, interest bearing time deposits or savings accounts, repurchase agreements, commercial paper, bankers' acceptances, state and/or local government taxable and/or tax-exempt debt, mutual funds and intergovernmental investment pools. The policy requires that investments in federal instrumentality debt be backed by the full faith and credit of the U.S. government; commercial paper and bankers' acceptances be rated A-1 by Standard & Poor's (S&P); state and/or local government debt be rated at least AA by S&P and mutual funds be rated AAm or better by S&P. At September 30, 2023, the Agency's portfolio rating is in compliance with its investment policy.

Note 3 - Deposits and Investments (continued)

Concentration of credit risk: The Agency's investment policy establishes limitations on portfolio composition, both by investment type and by issuer, at original cost, in order to control concentration of credit risk. The policy provides the following maximum limits of the portfolio, in addition to limits in any one issuer of the portfolio invested:

Investment Type:	Portfolio Maximum	Limits on Individual Issuer
Stable Net Asset Value Florida Intergovernmental Investment Pools	100%	-
U.S. Government Securities - Treasuries	100%	-
U.S. Government Agencies	50%	25%
Federal Instrumentalities -U.S. Government Sponsored Agencies	80%	40%
Certificates of Deposit	50%	25%
Repurchase Agreements	50%	25%
Commercial Paper	25%	15%
Bankers' Acceptances	25%	15%
State and/or Local Governmental Debt	20%	-
Money Market Mutual Funds	50%	25%
Intergovernmental Investment Pool	25%	-

At September 30, 2023, the Agency's investment portfolio is as follows:

Issue:	Percent of Investment Portfolio
Florida Fixed Income Trust	38.55%
Florida Local Government Surplus Funds - Florida Prime	51.02%
Florida Public Assets for Liquidity Management	8.17%
U.S. Government Securities - Treasuries	2.23%
Money Market Mutual Funds	0.03%

GASB Statement 40 requires disclosure when the percentage is 5% or more in any one issuer. There were no investments in individual issuers or organizations subject to the requirements of GASB Statement 40, that represent 5% or more of the total investments.

Custodial credit risk: The Agency's investment policy requires execution of a third-party custodial safekeeping agreement for all purchased securities and requires that securities be held in the Agency's name. As of September 30, 2023, all of the Agency's investments are held in a bank's trust department in the City's name, nominee registration.

Foreign credit risk: For an investment, foreign credit risk is the risk that fluctuations in currency exchange rates may affect transactions conducted in currencies other than U.S. dollars and the carrying value of foreign investments. The Agency is not directly exposed to foreign credit risk.

Note 3 - Deposits and Investments (continued)

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

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

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

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

Investments classified as Level 1, in the tables below, are valued using prices quoted in active markets for identical securities.

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

Fair values of investments are classified at September 30, 2023 as follows:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
U.S. Government and Government Sponsored Entity Bonds/Notes	$ 185,508	$ 185,508	$ -	$ -	$ -
Florida Fixed Income Trust	3,203,425	-	-	-	3,203,425
Total investments Measured at Fair Value	3,388,933	185,508	-	-	3,203,425
Cash Equivalents	2,047	2,047	-	-	-

Note 3 - Deposits and Investments (continued)

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
Total Investments and Cash Equivalents Measured at Fair Value	3,390,980	$ 187,555	$ -	$ -	$ 3,203,425
Investments Not Measured at Fair Value:					
Florida PRIME	4,239,012				
Florida Public Assets for Liquidity Management	679,003				
	$ 8,308,995				

Additional information for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2023, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Florida Fixed Income Trust (1)	$ 3,203,425	$ -	Daily	1 day

(1) The funds invest primarily in fundamentally sound companies with broad, stable US industries. The fair value of the investment in the funds is valued at the net asset value of outstanding units held at the end of the period based upon the estimated fair value of the underlying investments.

Note 4 – Tax Incremental Revenues

The primary source of revenue for the Agency is the tax incremental revenues collected from the City of Key West and Monroe County. The Tax Collector of Monroe County, Florida, bills and collects property taxes on behalf of the Agency. The tax rate used by the City of Key West for incremental tax purposes for the fiscal year ended September 30, 2023, was 2.0822 per $ 1,000 of final taxable property value. The tax rate used by Monroe County for the year ended September 30, 2023, was 2.5218 per $ 1,000 of final taxable property value. The final taxable value of the Agency amounted to $ 671,986,960. Final taxable values are established by the Monroe County Property Appraiser. The final taxable property value recognized by the City of Key West and Monroe County includes any exemptions the property owner qualifies for. Monroe County and the City of Key West are required to pay 95% of these incremental property taxes to the Agency.

Property tax revenues are recognized when they become available. Available means 1) when due, or past due and receivable within the current period, and 2) collected within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Taxes relating to the current budget and collected within 60 days after the fiscal year end are recognized as revenue currently. Property taxes are due for payment on March 31st and become delinquent on April 1st. At September 30, 2023, there were no material property tax receivables.

Note 5 - Deposits and Withdrawals

As required by Florida Statute Section 163.387(8), additional description of Agency financial information during fiscal year 2023 is as follows:

Sources of deposits:	
Intergovernmental	$ 1,392,782
Tax incremental - Monroe County	1,398,636
Tax incremental - City of Key West (transfers in)	1,154,826
Fines and forfeitures	244
Investment earnings	432,703
Total sources	$ 4,379,191
Purpose of withdrawals:	
Administrative	$ 26,386
Professional services	29,045
Miscellaneous	226
City of Key West (transfers out)	97,570
Capital outlay	1,182,610
Total withdrawals	$ 1,335,837

Note 6 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	$ 426,360	$ 1,083,119	$ -	$ 1,509,479
Total capital assets, not being depreciated	426,360	1,083,119	-	1,509,479
Capital assets, being depreciated:				
Infrastructure	4,826,792	99,491	-	4,926,283
Machinery, equipment and furniture	185,391	-	-	185,391
Total capital assets, being depreciated	5,012,183	99,491	-	5,111,674
Less accumulated depreciation for:				
Infrastructure	1,423,945	186,555	-	1,610,500
Machinery, equipment and furniture	64,887	18,539	-	83,426
Total accumulated depreciation	1,488,832	205,094	-	1,693,926
Total capital assets, being depreciated, net	3,523,351	(105,603)	-	3,417,748
Governmental activities capital assets, net	$ 3,949,711	$ 977,516	$ -	$ 4,927,227

Note 6 - Capital Assets (continued)

Provision for depreciation was charged to functions as follows:

Governmental Activities:	
Economic environment	$ 205,094

Note 7 - Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the Agency carries property and liability insurance. The Agency has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded the insurance coverage for any of the last three years.

Note 8 – Transfers In/Out

Transfers in of $ 1,154,826 represent tax incremental revenues collected by the primary government on behalf of the Agency. Transfers out of $ 97,570 represent amounts paid by the Agency to the primary government for various administrative services provided by the primary government.

Note 9 – Construction Commitments

The following table presents the approximate significant construction commitments outstanding at September 30, 2023:

	Estimated Remaining Construction Commitments
Frederick Douglass Gym	$ 7,417,800
Caroline Street Paving and Improvements	35,640
	$ 7,453,440

REQUIRED SUPPLEMENTARY INFORMATION

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Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Caroline Street Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Tax incremental	$ 675,000	$ 678,529	$ 678,529	$ -
Investment earnings	2,500	2,500	128,063	125,563
Total revenues	677,500	681,029	806,592	125,563
Expenditures:				
Personnel services	47,285	47,285	12,198	35,087
Operating	218,858	218,858	7,045	211,813
Capital outlay	1,244,941	1,244,941	116,477	1,128,464
Total expenditures	1,511,084	1,511,084	135,720	1,375,364
Excess (deficiency) of revenues over expenditures	(833,584)	(830,055)	670,872	1,500,927
Other Financing Sources (Uses):				
Transfers in from primary government	560,248	560,248	560,248	-
Transfers out to primary government	(41,860)	(41,860)	(41,860)	-
Total other financing sources (uses)	518,388	518,388	518,388	-
Net change in fund balance	$ (315,196)	$ (311,667)	1,189,260	$ 1,500,927
Fund Balance, October 1			1,726,299	
Fund Balance, September 30			$ 2,915,559	

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Bahama Village Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Tax incremental	$ 700,000	$ 720,107	$ 720,107	$ -
Intergovernmental	-	1,892,145	1,392,782	(499,363)
Investment earnings	1,000	1,000	304,640	303,640
Fines and forfeitures	-	-	244	244
Total revenues	701,000	2,613,252	2,417,773	(195,479)
Expenditures:				
Personnel services	47,285	47,285	12,198	35,087
Operating	10,898	10,898	24,216	(13,318)
Capital outlay	845,000	3,817,415	1,066,133	2,751,282
Total expenditures	903,183	3,875,598	1,102,547	2,773,051
Excess (deficiency) of revenues over expenditures	(202,183)	(1,262,346)	1,315,226	2,577,572
Other Financing Sources (Uses):				
Transfers in from primary government	594,578	594,578	594,578	-
Transfers out to primary government	(55,710)	(55,710)	(55,710)	-
Total other financing sources (uses)	538,868	538,868	538,868	-
Net change in fund balance	$ 336,685	$ (723,478)	1,854,094	$ 2,577,572
Fund Balance, October 1			5,382,733	
Fund Balance, September 30			$ 7,236,827	

INTERNAL CONTROLS AND COMPLIANCE

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

To the Board of Commissioners
Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Key West, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Caroline Street Corridor and Bahama Village Community Redevelopment Agency (the "Agency") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated April 11, 2024.

Report on Internal Control over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 11, 2024

Keefe McCullough
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INDEPENDENT AUDITOR'S REPORT TO AGENCY MANAGEMENT

To the Board of Commissioners
Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Key West, Florida

Report on Financial Statements

We have audited the financial statements of the Caroline Street Corridor and Bahama Village Community Redevelopment Agency (a component unit of the City of Key West, Florida) (the "Agency"), as of and for the year ended September 30, 2023, and have issued our report thereon dated April 11, 2024.

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 on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* 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 those reports, which are dated April 11, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. Caroline Street Corridor and Bahama Village Community Redevelopment Agency (a component unit of the City of Key West, Florida) was established February 14, 1992 by the City of Key West Commission Ordinance No. 92-7, pursuant to the laws of the State of Florida. The Agency does not have any component units.

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Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether or not the Agency has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Agency did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Agency. It is management's responsibility to monitor the Agency's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Agency is required to report certain specific information, as the Agency is a dependent special district of the City of Key West, Florida. This information can be found in the City of Key West, Florida's Annual Comprehensive Financial Report for the year ended September 30, 2023.

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 warrants attention of those charged with governance. In connection with our audit, we did not note 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 Board of Commissioners and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 11, 2024

Keefe McCullough
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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES AND
SECTIONS 163.387(6) AND 163.387(7) FLORIDA STATUTES

To the Board of Commissioners
Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Key West, Florida

We have examined Caroline Street Corridor and Bahama Village Community Redevelopment Agency (a component unit of the City of Key West, Florida) (the "Agency") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies* and Sections 163.387(6) and (7), Florida Statues, *Redevelopment Trust Fund*, during the year ended September 30, 2023. Management is responsible for the Agency's compliance with the specific requirements. Our responsibility is to express an opinion on the Agency's compliance with the specific requirements based on our examination.

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

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

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

This report is intended solely for the information and use of the State of Florida Auditor General, the Board of Commissioners and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 11, 2024

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