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, 2024

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 and each major fund of the Caroline Street Corridor and Bahama Village Community Redevelopment Agency (the "Agency"), a component unit of the City of Key West, as of and for the fiscal year ended September 30, 2024, 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, 2024, 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.

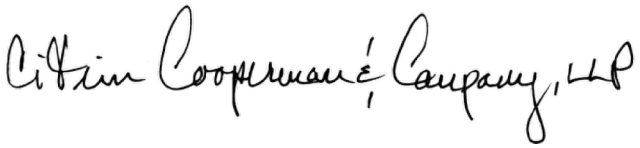
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Required Supplementary Information

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 26 and 27 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 May 22, 2025, 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.



Fort Lauderdale, Florida
May 22, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2024 and 2023. 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, 2024:

- The Agency's total assets exceeded its liabilities at September 30, 2024 by $ 18,159,588 (net position).
- The governmental activities revenue totaled $ 2,764,847: $ 1,737,589 from incremental tax receipts, $ 500,000 from intergovernmental federal funding, $ 527,132 from investment earnings and $ 126 from miscellaneous revenues.
- Transfers in from the City of Key West (the "primary government") were $ 1,330,589 for the current year compared to $ 1,154,826 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 $ 760,842,349, an increase of $ 88,855,389 over the previous year's value.
- At the end of the year, the Agency reported total fund balance of $ 5,937,798, a decrease of $ 4,214,588 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 25 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, 2024 and 2023:

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Net Position

	2024	2023
Current assets	$ 6,767,537	$ 10,885,219
Capital assets	12,221,790	4,927,227
Total assets	18,989,327	15,812,446
Current liabilities	829,739	732,833
Total liabilities	829,739	732,833
Net position:		
Net investment in capital assets	11,395,763	4,846,825
Restricted	6,763,825	10,232,788
Total net position	$ 18,159,588	$ 15,079,613

Current assets decreased and capital assets increased for the year ended September 30, 2024, due to construction projects within the Agency.

Governmental activities: Governmental activities for the year ended September 30, 2024, increased the Agency's net position by $ 3,079,975, as reflected in the table below:

	2024	2023
Revenues:		
Program revenues:		
Capital grants and contributions	$ 500,000	$ 1,392,782
General revenues:		
Tax incremental	1,737,589	1,398,636
Investment earnings	527,132	432,703
Miscellaneous	126	244
Total revenues	2,764,847	3,224,365
Expenses:		
Economic environment	380,109	260,751
Total expenses	380,109	260,751
Increase in net position before transfers	2,384,738	2,963,614
Transfers (net)	695,237	1,057,256
Increase in net position	3,079,975	4,020,870
Net Position, Beginning of Year	15,079,613	11,058,743
Net Position, End of Year	$ 18,159,588	$ 15,079,613

As of September 30, 2024, the net position of the Agency increased by $ 3,079,975, primarily due to expenses remaining low and revenues were consistent with prior year.

Capital Assets

The Agency's investment in capital assets, less accumulated depreciation, for its governmental activities as of September 30, 2024 amounts to $ 12,221,790, and consists of construction in progress, infrastructure and machinery, equipment and furniture.

Agency Budgetary Highlights

Caroline Street Fund revenues were $ 186,296 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 $ 1,154,703 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 $ 790,962 more than the final budget projections. This was due to intergovernmental funding being more than budgeted in the fiscal year. Bahama Village Fund expenditures were $ 5,995,994 more than the final budget projections. This was due to capital outlay being more 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 2023/24 Bahama Village Subarea and the Caroline Street Corridor Subarea was $ 404,383,386 and $ 356,458,963, 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 2023/24 a total of $ 3,068,178: $ 1,632,316 for the Bahama Village Subarea and $ 1,435,862 for the Caroline Street Corridor Subarea. Total taxable value subarea growth from fiscal year 2022/23 to fiscal year 2023/24 was 16.50 % for the Bahama Village Subarea and 9.72 % for the Caroline Street Corridor Subarea. Property values continued to grow over the fiscal year 2023/2024, and increased significantly more for fiscal year 2024/25; however, based on the current economic environment and property sales, we believe that this growth will stabilize and hold steady between 8 and 9 % for the two subareas going into fiscal year 2025/26. The development of the fiscal year 2025/26 operating budget for both the Bahama Village and Caroline Street Corridor Subareas will take this conservative property growth forecast and utilize the funds to support the hardening and stabilization of the Deisel Plant property, interior and exterior improvements at the Douglass Gym, and storm drain improvements throughout the Bahama Village subarea. In the Caroline Street Corridor subarea, the CRA has established a goal to enhance streets, sidewalks, and transportation initiatives. This goal will be achieved with several parking enhancements including the planned design and construction of a parking structure, infrastructure improvements to current parking areas, as well as a street and sidewalk renovation project.

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

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
(A Component Unit of the City of Key West)
Statement of Net Position
September 30, 2024

		Governmental Activities
Assets:		
Cash, cash equivalents and investments	$	6,267,537
Due from other governments		500,000
Capital assets:		
Non-depreciable		9,012,099
Depreciable (net of accumulated depreciation)		3,209,691
Total assets		18,989,327
Liabilities:		
Accounts payable and accrued liabilities		566
Contracts payable		826,027
Due to primary government		3,146
Total liabilities		829,739
Net Position:		
Net investment in capital assets		11,395,763
Restricted for:		
Housing initiatives and urban redevelopment		6,763,825
Total net position	$	18,159,588

See accompanying notes to financial statements.

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
(A Component Unit of the City of Key West)
Statement of Activities
For the Year Ended September 30, 2024

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	$ 380,109	$ -	$ -	$ 500,000	$ 119,891
Total primary government	$ 380,109	$ -	$ -	$ 500,000	119,891
General revenues:					
Tax incremental revenue					1,737,589
Investment earnings					527,132
Miscellaneous					126
Net transfers from primary government					695,237
Total general revenues and transfers					2,960,084
Change in net position					3,079,975
Net position - October 1					15,079,613
Net position - September 30					$ 18,159,588

See accompanying notes to financial statements.

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
(A Component Unit of the City of Key West)
Balance Sheet - Governmental Funds
September 30, 2024

	Caroline Street Fund	Bahama Village Fund	Total Governmental Funds
Assets:			
Cash, cash equivalents and investments	$ 4,133,732	$ 2,133,805	$ 6,267,537
Due from other governments	-	500,000	500,000
Total assets	$ 4,133,732	$ 2,633,805	$ 6,767,537
Liabilities:			
Accounts payable and accrued liabilities	$ 283	$ 283	$ 566
Contracts payable	-	826,027	826,027
Due to primary government	1,573	1,573	3,146
Total liabilities	1,856	827,883	829,739
Fund Balances:			
Restricted for:			
Housing initiatives and urban redevelopment	4,131,876	1,805,922	5,937,798
Total fund balances	4,131,876	1,805,922	5,937,798
Total liabilities and fund balances	$ 4,133,732	$ 2,633,805	$ 6,767,537

See accompanying notes to financial statements.

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
(A Component Unit of the City of Key West)
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2024

Fund Balances - Total Governmental Funds		$ 5,937,798
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	$ 14,123,773	
Less: accumulated depreciation	(1,901,983)	12,221,790
Net Position of Governmental Activities		$ 18,159,588

See accompanying notes to financial statements.

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
(A Component Unit of the City of Key West)
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2024

	Caroline Street Fund	Bahama Village Fund	Total Governmental Funds
Revenues:			
Taxes	$ 813,166	$ 924,423	$ 1,737,589
Intergovernmental	-	500,000	500,000
Investment earnings	206,296	320,836	527,132
Miscellaneous	-	126	126
Total revenues	1,019,462	1,745,385	2,764,847
Expenditures:			
Economic environment	103,797	68,255	172,052
Capital outlay	11,660	7,490,960	7,502,620
Total expenditures	115,457	7,559,215	7,674,672
Excess (deficiency) of revenues over (under) expenditures	904,005	(5,813,830)	(4,909,825)
Other Financing Sources (Uses):			
Transfers in from primary government	622,696	707,893	1,330,589
Transfers out to primary government	(310,384)	(324,968)	(635,352)
Total other financing sources	312,312	382,925	695,237
Net change in fund balances	1,216,317	(5,430,905)	(4,214,588)
Fund Balances - October 1	2,915,559	7,236,827	10,152,386
Fund Balances - September 30	$ 4,131,876	$ 1,805,922	$ 5,937,798

See accompanying notes to financial statements.

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
(A Component Unit of the City of Key West)
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2024

Net Change In Fund Balances - Total Governmental Funds		$	(4,214,588)
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	7,502,620		
Less: current year provision for depreciation	(208,057)		7,294,563
Change in Net Position of Governmental Activities		$	3,079,975

See accompanying notes to financial statements.

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"). The Board exercises all powers granted to the Agency pursuant to Chapter 163, Part III of the Florida Statutes.

As defined by accounting principles generally accepted in the United States of America ("U.S. GAAP"), 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 U.S. GAAP as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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 which are special revenue 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. The year-end fund balance of approximately $ 5.9 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, except for federal, state and local grant financial assistance, which is considered available if collection is expected within 12 months after year-end. 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 the governmental fund. Issuance of long-term debt and acquisitions under capital 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 12 months 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.

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 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.

d. The budgets are adopted on a basis consistent with U.S. GAAP.

The Bahama Village Fund reports expenditures in excess of appropriations in an amount of $ 5,995,994 due to the unbudgeted capital outlay related to ongoing projects. Excess fund balance existed in the fund to cover expenditures.

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 financial statements 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 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.

Unassigned: This classification includes the residual fund balance for the General Fund.

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, 2024.

Note 2 - Summary of Significant Accounting Policies (continued)

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, 2024.

Use of estimates: The presentation of financial statements in conformity with U.S. GAAP 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.

Date of management review: Subsequent events have been evaluated by management through May 22, 2025, 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.

State statutes require, and it is the Agency's policy, that all deposits be made into, and be held by, financial institutions designated by the Treasurer of the State of Florida as "qualified public depositories" as defined by Chapter 280 of the Florida Statutes. This statute requires that every qualified public depository institution maintains eligible collateral to secure the public entity's funds. The minimum collateral to be pledged by an institution, the collateral eligible for pledge, and the reporting requirements of the qualified public depositor to the Treasurer is defined by statute. Collateral is pooled in a multiple qualified public depository institution pool with the ability to assess members of the pool should need arise. As of September 30, 2024, approximately $ 428,964 was exposed to custodial credit risk because it was uninsured and collateralized by securities held by the pledging institution.

Investments: As of September 30, 2024, 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	$ 928,964	$ 102,647	$ 5,235,926	$ 6,267,537

Note 3 - Deposits and Investments (continued)

As of September 30, 2024, the Agency's investment maturities and credit ratings were as follows:

	Market Value	Investment Maturities (in years) Less than 1	Investment Maturities (in years) 1-5	S&P Credit Rating
U.S. Government and Government Sponsored Entity Bonds/Notes	$ 262,403	$ 262,403	$ -	AAA
Money Market Mutual Funds	102,647	102,647	-	Not Rated
Florida Fixed Income Trust	1,961,080	1,961,080	-	AAAf*
Florida Public Assets for Liquidity Management	415,588	415,588	-	AAAm
State Investment Pool: Florida Prime	2,596,855	2,596,855	-	AAAm
	$ 5,338,573	$ 5,338,573	$ -	

* Includes both AAAf and not rated investments

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 the Federal Deposit Insurance Corporation 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, 2024, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 % of their account value.

Note 3 - Deposits and Investments (continued)

Interest rate risk: To the extent possible, the Agency's investment policy limits the investment maturities of current operating funds to no longer than 24 months. The investment policy also provides maturity limitations by investment type. The investments at September 30, 2024, 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, 2024, the Agency's portfolio rating is in compliance with its investment policy.

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, 2024, the Agency's investment portfolio is as follows:

Issue:	Percent of Investment Portfolio
Florida Fixed Income Trust	36.74%
Florida Local Government Surplus Funds - Florida Prime	48.64%
Florida Public Assets for Liquidity Management	7.78%
U.S. Government Securities - Treasuries	4.92%
Money Market Mutual Funds	1.92%

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.

Note 3 - Deposits and Investments (continued)

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, 2024, 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.

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.

Note 3 - Deposits and Investments (continued)

Fair values of investments are classified at September 30, 2024, are 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	$ 262,403	$ 262,403	$ -	$ -	$ -
Florida Fixed Income Trust	1,961,080	-	-	-	1,961,080
Total investments Measured at fair value	2,223,483	262,403	-	-	1,961,080
Cash equivalents	102,647	102,647	-	-	-
Total investments and cash equivalents measured at fair value	2,326,130	$ 365,050	$ -	$ -	$ 1,961,080
Investments not measured at fair value:					
Florida PRIME	2,596,855				
Florida Public Assets for Liquidity Management	415,588				
	$ 5,338,573				

Additional information for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2024, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Florida Fixed Income Trust (1)	$ 1,961,080	$ -	Daily	1 day

(1) The funds invest primarily in fundamentally sound companies with broad, stable U.S. 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, 2024, was 2.0822 per $ 1,000 of final taxable property value. The tax rate used by Monroe County for the year ended September 30, 2024, was 2.7191 per $ 1,000 of final taxable property value. The final taxable value of the Agency amounted to $ 760,842,349. 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.

Note 4 - Tax Incremental Revenues (continued)

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, 2024, 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 2024 is as follows:

Sources of deposits:		
Intergovernmental	$	500,000
Tax incremental - Monroe County		1,737,589
Tax incremental - City of Key West (transfers in)		1,330,589
Fines and forfeitures		126
Investment earnings		527,132
Total sources	$	4,095,436
Purpose of withdrawals:		
Administrative	$	133,488
Professional services		2,905
Miscellaneous		35,659
City of Key West (transfers out)		635,352
Capital outlay		7,502,620
Total withdrawals	$	8,310,024

Note 6 - Capital Assets

Capital asset activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	$ 1,509,479	$ 7,502,620	$ -	$ 9,012,099
Total capital assets, not being depreciated	1,509,479	7,502,620	-	9,012,099
Capital assets, being depreciated:				
Infrastructure	4,926,283	-	-	4,926,283
Machinery, equipment and furniture	185,391	-	-	185,391
Total capital assets, being depreciated	5,111,674	-	-	5,111,674
Less accumulated depreciation for:				
Infrastructure	1,610,500	189,518	-	1,800,018
Machinery, equipment and furniture	83,426	18,539	-	101,965
Total accumulated depreciation	1,693,926	208,057	-	1,901,983
Total capital assets, being depreciated, net	3,417,748	(208,057)	-	3,209,691
Governmental activities capital assets, net	$ 4,927,227	$ 7,294,563	$ -	$ 12,221,790

Provision for depreciation was charged to functions as follows:

Governmental activities:	
Economic environment	$ 208,057

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 $ 1,330,589 represent tax incremental revenues collected by the primary government on behalf of the Agency. Transfers out of $ 635,352 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, 2024:

	Estimated Remaining Construction Commitments
Frederick Douglas Gym	$ 768,300
Caroline Street Paving and Improvements	23,980
	$ 792,280

REQUIRED SUPPLEMENTARY INFORMATION

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
(A Component Unit of the City of Key West)
Caroline Street Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Tax incremental	$ 813,166	$ 813,166	$ 813,166	$ -
Investment earnings	20,000	20,000	206,296	186,296
Total revenues	833,166	833,166	1,019,462	186,296
Expenditures:				
Personnel services	63,694	63,694	65,003	(1,309)
Operating	170,983	206,466	38,794	167,672
Capital outlay	1,000,000	1,000,000	11,660	988,340
Total expenditures	1,234,677	1,270,160	115,457	1,154,703
Excess (deficiency) of revenues over (under) expenditures	(401,511)	(436,994)	904,005	1,340,999
Other Financing Sources (Uses):				
Transfers in from primary government	622,696	622,696	622,696	-
Transfers out to primary government	(310,384)	(310,384)	(310,384)	-
Total other financing sources	312,312	312,312	312,312	-
Net change in fund balance	$ (89,199)	$ (124,682)	1,216,317	$ 1,340,999
Fund Balance, October 1			2,915,559	
Fund Balance, September 30			$ 4,131,876	

See independent auditor's report.

Caroline Street Corridor and Bahama Village Community Redevelopment Agency
(A Component Unit of the City of Key West)
Bahama Village Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Tax incremental	$ 924,423	$ 924,423	$ 924,423	$ -
Intergovernmental	-	-	500,000	500,000
Investment earnings	30,000	30,000	320,836	290,836
Miscellaneous	-	-	126	126
Total revenues	954,423	954,423	1,745,385	790,962
Expenditures:				
Personnel services	63,694	63,694	65,003	(1,309)
Operating	864,208	650,099	3,252	646,847
Capital outlay	330,000	849,428	7,490,960	(6,641,532)
Total expenditures	1,257,902	1,563,221	7,559,215	(5,995,994)
Deficiency of revenues under expenditures	(303,479)	(608,798)	(5,813,830)	(5,205,032)
Other Financing Sources (Uses):				
Transfers in from primary government	707,893	707,893	707,893	-
Transfers out to primary government	(324,968)	(324,968)	(324,968)	-
Total other financing sources	382,925	382,925	382,925	-
Net change in fund balance	$ 79,446	$ (225,873)	(5,430,905)	$ (5,205,032)
Fund Balance, October 1			7,236,827	
Fund Balance, September 30			$ 1,805,922	

See independent auditor's report.

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 and each major fund of the Caroline Street Corridor and Bahama Village Community Redevelopment Agency (the "Agency"), a component unit of the City of Key West, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated May 22, 2025.

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.

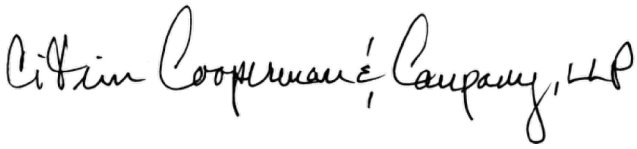
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Report on Compliance and Other Matters

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Fort Lauderdale, Florida
May 22, 2025

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MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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

Report on the Financial Statements

We have audited the governmental activities, and each major fund 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, 2024, and have issued our report thereon dated May 22, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 May 22, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding 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

Sections 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 the same.

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

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the Agency is required to include a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the Agency's geographical boundaries during the fiscal year under audit.

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 Agency, a list of all program administrators and third-party administrators that administered the program are to be provided with this letter.

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 Agency, the full names and contact information of each such program administrator and third-party administrator are to be provided with this letter. The full names and contact information for such program and third-party administrators can be found with this letter.

See Exhibit 2 for listing of program administrators and third part administrators.

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, 2024.

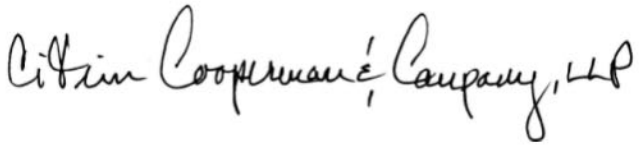
Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, fraud, waste, 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.

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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.



Fort Lauderdale, Florida
May 22, 2025

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Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Exhibit 2
PACE Program Administrators and Third-party Administrators (Unaudited)

Ygrene Works

Ygrene, https://ygrene.com/, 866-634-1358 (Residential and Commercial)

Renew Financial

Renew Financial, https://renewfinancial.com/, 844-736-3934 (Residential and Commercial)

Counterpoint

CounterpointeSRE, https://counterpointesre.com/programs-commercial, 855-431-4400

Renovate America

Renovate America, https://renovateamerica.com, 877-747-4889

CITRINCOOPERMAN®

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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's (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* (the "specified requirements"), during the year ended September 30, 2024. Management is responsible for the Agency's compliance with the specified requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified 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 specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified 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.

We are required to be independent of the Agency 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 Agency's compliance with the specified requirements.

In our opinion, the Agency complied, in all material respects, with the specified requirements for the year ended September 30, 2024.

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

Citrin Cooperman & Company, LLP

Fort Lauderdale, Florida
May 22, 2025

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