

Annual Financial Statements

For Fiscal Year Ending September 30, 2024



86800 Overseas Hwy
Islamorada, FL 33036

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

FINANCIAL STATEMENTS

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Net Position - Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23
Notes to the Financial Statements	24-56
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund	57-58
Schedule of the Villages Proportionate Share of the Net Pension Liability - FRS	59
Schedule of Contributions - FRS	60
Schedule of the Villages Proportionate Share of the Net Pension Liability - HIS	61
Schedule of Contributions - HIS	62
Notes to Required Supplementary Information - FRS/HIS	63
Schedule of Changes in the Village's Total OPEB Liability and Related Ratios	64

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

TABLE OF CONTENTS (CONTINUED)

	Page
Other Supplementary Information:	
Combining and Individual Nonmajor Fund Financial Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	66
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	
Solid Waste Fund	67
Transportation Fund	68
Affordable Housing Fund	69
Building Fund	70
Debt Service Fund	71
Capital Projects Fund	72
Single Audit Compliance and Other Reports:	
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 <i>Government Auditing Standards</i>	73-74
Independent Auditor’s Report on Compliance for Each Major Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General	75-77
Schedule of Expenditures of Federal Awards and State Financial Assistance	78
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	79
Schedule of Findings and Questioned Costs	80-81
Management Letter	82-83
Management’s Response to Audit Findings	84
Independent Accountant’s Report on Investment Compliance	85

INDEPENDENT AUDITOR'S REPORT

Village Council and Village Management
Islamorada, Village of Islands, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Islamorada, Village of Islands, Florida (Village) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules and schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Florida Single Audit Act and Chapter 10.550, Rules of the Auditor General are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2025, on our consideration of the Village'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 Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

CS&L CPAs

CS&L CPAs, P.A.

May 12, 2025
Bradenton, Florida

**ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

As management of Islamorada, Village of Islands, Florida (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the current fiscal year ended September 30, 2024, in comparison to the previous fiscal year ended September 30, 2023. We encourage readers to consider this information in conjunction with the information in the Village's financial statements and notes.

Fund-based financial reporting and government-wide reporting are not viewed as being in conflict; however, they are not comparable. A significant portion of this analysis focuses on the changes in the government-wide statements, while still providing information on the Village's fund-based comparative changes.

FINANCIAL HIGHLIGHTS

- The Village's total assets plus deferred outflows of resources at September 30, 2024 was \$250,264,333, and total liabilities plus deferred inflows of resources was \$73,725,546. The difference (total net position) at September 30, 2024 was \$176,538,787, an increase of \$7,383,110 from the prior year. The total net position for governmental activities was \$67,388,330, and the total net position for business-type activities was \$109,150,457.
- Unrestricted net position at September 30, 2024, available to meet the Village's ongoing obligations, totaled \$34,487,929, a decrease of \$1,947,350 from the prior year. Unrestricted net position for governmental activities were \$4,141,138, while unrestricted net position for business-type activities were \$30,346,791.
- At September 30, 2024, the Village's governmental fund statement shows a combined ending fund balance of \$25,611,531, a decrease of \$1,226,983 in comparison with the prior year ending fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements include:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements.

**ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the financial position of the Village and are similar to private-sector financial statements. The government-wide financial statements include a statement of net position and a statement of activities. These statements appear on pages 15 and 16 of this report.

The statement of net position presents information on all of the Village's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between them reported as net position. Changes in net position over time may indicate an improving or deteriorating financial position. Net position is shown in three categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

The statement of activities presents information showing how the Village's net position changed during the fiscal year ending September 30, 2024. It provides a breakdown of revenues and expenses by functions. All changes in net position are reported as soon as the underlying event which contributes to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only affect cash flows in future fiscal periods. Examples of such items include revenues earned but not received and expenses incurred but not yet paid, as well as unused compensated absences, all of which will produce changes in cash in a future fiscal period.

Both statements attempt to distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges for services (*business-type activities*). The governmental activities of the Village include general government, public safety, physical environment, transportation, economic environment, and culture and recreation. The business-type activities of the Village include the Plantation Yacht Harbor Marina, the wastewater utility, and the stormwater utility.

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 Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two general categories: (1) governmental funds, and (2) proprietary funds. The Village does not have any fiduciary activities.

**ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

The focus of governmental funds is narrower than that of the government-wide financial statements. Therefore, it can be useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations have been provided as a link between the governmental fund statements and the government-wide statements to assist in this comparison. Page 18 provides a reconciliation of the balance sheet of governmental funds to the statement of net position. Page 20 provides a reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities.

The Village currently maintains seven governmental funds. For presentation purposes, authoritative accounting standards require that "major" funds be reported in a separate column on the financial statements. A government's general fund is always classified and presented separately as a major fund. The relative size of the other funds is assessed based on proportionate share of certain financial statement elements to determine whether they qualify as major funds. Governmental funds that are individually presented as major funds in the Village's governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances include the general fund, debt service fund and capital projects fund. Data from the other four governmental funds (solid waste fund, transportation fund, affordable housing fund, and building fund) are presented in a single column titled "nonmajor governmental funds."

The basic governmental fund financial statements can be found on pages 17 through 20 of this report.

PROPRIETARY FUNDS

The Village maintains one type of proprietary fund which are enterprise funds. Enterprise funds are used to report those functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for the Plantation Yacht Harbor Marina fund, the wastewater utility fund and the stormwater utility fund.

The proprietary fund financial statements provide separate information for the Plantation Yacht Harbor Marina fund and the wastewater utility fund, both of which are considered to be major funds of the Village, as well as the stormwater utility fund, which is a nonmajor fund.

The basic proprietary fund financial statements appear on pages 21 through 23 of this report.

**ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both the government-wide and governmental fund financial statements. The notes to financial statements commence on page 24 of this report.

OTHER INFORMATION

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the Village's budgetary comparison schedules for its general fund, as well as pension and OPEB schedules as listed in the table of contents.

Other supplementary information includes combining statements in connection with nonmajor governmental funds, as well as budgetary comparison schedules of nonmajor special revenue funds, debt service fund and capital projects fund.

The schedule of expenditures of federal awards and state financial assistance is also considered to be other supplementary information and is included in the Single Audit Compliance and Other Reports section of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following table provides a condensed summary of the Village's total net position as of September 30, 2024 compared to the Village's total net position as of September 30, 2023:

	Islamorada, Village of Islands, Florida Statement of Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 27,228,969	\$ 28,560,598	\$ 32,639,633	\$ 33,815,947	\$ 59,868,602	\$ 62,376,545
Capital and right-to-use assets	57,810,744	47,625,488	129,051,853	131,827,728	186,862,597	179,453,216
Total assets	<u>85,039,713</u>	<u>76,186,086</u>	<u>161,691,486</u>	<u>165,643,675</u>	<u>246,731,199</u>	<u>241,829,761</u>
Deferred outflows of resources	<u>3,316,801</u>	<u>3,286,398</u>	<u>216,333</u>	<u>193,163</u>	<u>3,533,134</u>	<u>3,479,561</u>
Current liabilities	1,639,820	1,655,660	1,456,178	691,526	3,095,998	2,347,186
Noncurrent liabilities	<u>18,151,149</u>	<u>18,185,178</u>	<u>51,220,012</u>	<u>55,178,732</u>	<u>69,371,161</u>	<u>73,363,910</u>
Total liabilities	<u>19,790,969</u>	<u>19,840,838</u>	<u>52,676,190</u>	<u>55,870,258</u>	<u>72,467,159</u>	<u>75,711,096</u>
Deferred inflows of resources	<u>1,177,215</u>	<u>414,493</u>	<u>81,172</u>	<u>28,056</u>	<u>1,258,387</u>	<u>442,549</u>
Net investment in capital assets	53,489,682	43,910,805	78,803,666	77,278,112	132,293,348	121,188,917
Restricted	9,757,510	11,531,481	-	-	9,757,510	11,531,481
Unrestricted	<u>4,141,138</u>	<u>3,774,867</u>	<u>30,346,791</u>	<u>32,660,412</u>	<u>34,487,929</u>	<u>36,435,279</u>
Total net position	<u>\$ 67,388,330</u>	<u>\$ 59,217,153</u>	<u>\$ 109,150,457</u>	<u>\$ 109,938,524</u>	<u>\$ 176,538,787</u>	<u>\$ 169,155,677</u>

**ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

Net Position

As noted earlier, net position can serve, over time, as a useful indicator of a government's financial position. For the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$176,538,787 as of September 30, 2024. The Village's total net position increased \$7,383,110 from the previous fiscal year's net position.

The largest portion of the Village's net position (74.94%) is its investment in capital assets (e.g. land, buildings, infrastructure improvements and equipment) less any outstanding debt related to their acquisition. The Village uses these capital assets to provide services and recreational opportunities to its citizens; consequently, these assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it is important to note that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It should also be noted that another portion of the Village's net position (5.5%) is restricted for police training, capital projects and the building fund.

The remaining component of net position is unrestricted in the amount of \$34,487,929. Unrestricted net position may be used to meet the Village's ongoing obligations to its citizens and creditors. At the end of the fiscal year ended September 30, 2024, the Village is able to report positive balances in all of the three categories of net position for the government as a whole.

Changes in Net Position

Governmental activities and business-type activities increased the Village's net position by \$7,383,110 from the previous fiscal year. The relevant revenue and expense categories and their effect on net position are summarized in the table on the following page.

**ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

Islamorada, Village of Islands, Florida Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	\$ 6,359,260	\$ 6,265,113	\$ 8,887,017	\$ 8,995,642	\$ 15,246,277	\$ 15,260,755
Operating grants	1,094,153	936,352	-	-	1,094,153	936,352
Capital grants	3,406,079	1,117,156	1,451,825	2,010,246	4,857,904	3,127,402
General revenues						
Property taxes	15,812,483	14,746,623	-	-	15,812,483	14,746,623
Other taxes	5,999,280	6,807,005	-	-	5,999,280	6,807,005
Franchise fees	849,068	832,767	-	-	849,068	832,767
Unrestricted interest	1,424,777	805,932	1,877,027	2,005,732	3,301,804	2,811,664
Miscellaneous	332,573	80,495	362,743	454,986	695,316	535,481
Total revenues	<u>35,277,673</u>	<u>31,591,443</u>	<u>12,578,612</u>	<u>13,466,606</u>	<u>47,856,285</u>	<u>45,058,049</u>
Expenses						
General government	6,441,816	6,582,223	-	-	6,441,816	6,582,223
Public safety	12,665,400	12,896,268	-	-	12,665,400	12,896,268
Physical environment	2,252,582	2,062,444	-	-	2,252,582	2,062,444
Transportation	2,528,016	2,501,812	-	-	2,528,016	2,501,812
Economic environment	13,600	77,200	-	-	13,600	77,200
Culture and recreation	3,028,975	2,788,069	-	-	3,028,975	2,788,069
Interest on long-term debt	84,597	123,014	-	-	84,597	123,014
Plantation Yacht Harbor Marina	-	-	1,522,779	1,516,851	1,522,779	1,516,851
Wastewater utility	-	-	11,792,079	11,412,155	11,792,079	11,412,155
Stormwater utility	-	-	143,331	140,480	143,331	140,480
Total expenses	<u>27,014,986</u>	<u>27,031,030</u>	<u>13,458,189</u>	<u>13,069,486</u>	<u>40,473,175</u>	<u>40,100,516</u>
Increase (Decrease) in net position before transfers	8,262,687	4,560,413	(879,577)	397,120	7,383,110	4,957,533
Transfers	(91,510)	(91,518)	91,510	91,518	-	-
Change in net position	8,171,177	4,468,895	(788,067)	488,638	7,383,110	4,957,533
Net position, beginning	59,217,153	54,748,258	109,938,524	109,449,886	169,155,677	164,198,144
Net position, ending	<u>\$ 67,388,330</u>	<u>\$ 59,217,153</u>	<u>\$ 109,150,457</u>	<u>\$ 109,938,524</u>	<u>\$ 176,538,787</u>	<u>\$ 169,155,677</u>

Governmental Activities

Governmental activities during the fiscal year resulted in an increase to the Village's net position by \$8,171,177 from the prior year. The largest single ongoing revenue source for the Village's governmental activities is property taxes at \$15,812,483, which represents 44.8% of total governmental revenues. Another significant source of revenue for governmental activities is charges for services, including assessments for solid waste services, fees for building permits and planning review, emergency medical service fees and charges for park admission and recreation programs. Charges for services totaled \$6,359,260 or 18.0% of total revenues for governmental activities. Governmental activities also recognized revenues from operating and capital grants and contributions totaling \$4,500,232 during the year.

The single biggest expenditure category among governmental activities for the fiscal year ending September 30, 2024, was public safety. This function totals \$12,665,400 or 46.9% of total expenditures for governmental activities. Public safety expenditures include the cost of the Village's Fire Rescue Department and the Building Services Department as well as contract costs paid to the Monroe County Sheriff's Office to provide Village police services.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

The next largest category of expenditures is general government, totaling \$6,441,816 or 23.8%. This expenditure category includes the operating budget for the Village Council, Village Manager, Village Attorney, Village Clerk, Planning and Development Services, Finance and Administration, IT and Communications and Code Compliance Departments.

Business-Type Activities

The Village's business-type activities are enterprise funds for the Plantation Yacht Harbor Marina fund, the wastewater utility fund and the stormwater utility fund. Business-type activities during the fiscal year decreased the Village's net position by \$788,067 from the prior fiscal year.

The Plantation Yacht Harbor Marina continues to recover operating costs through charges for services and goods. The fund increased net position over the prior year by \$188,138.

The wastewater utility fund formerly accounted for the operations of the Village-wide wastewater collection and transmission system (supported by user charges), as well as capital investments and debt service associated with construction of the wastewater facilities and infrastructure to transmit effluent to the Key Largo Wastewater Treatment District plant. Substantial completion of the wastewater collection and transmission system occurred in December 2016. In fiscal year 2023-2024, the Village continued paying principal, interest and other debt service fees on loans associated with the wastewater collection and transmission system capital project. Starting in 2016 when substantial completion occurred, depreciation began being calculated and recorded for the same multi-million dollar capital project. The fund decreased net position over the prior year by \$1,058,291.

The stormwater utility fund was created for the purpose of segregating stormwater assessment revenue, capital costs for stormwater projects and maintenance costs for stormwater infrastructure from the activities of the general government. The fund increased net position over the prior year by \$82,086.

Capital grants and contributions represent 11.5% of the total business-type revenues. The wastewater utility fund recognized \$1,437,825 in capital contributions during the year related to a federal award from the U.S. Department of Defense related to a water quality program.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

In fiscal year 2011, the Village adopted Governmental Accounting Standards Board (GASB) Statement No. 54 (GASB 54) whereby fund balance is classified to one of five types: (1) non-spendable, (2) restricted, (3) committed, (4) assigned, and (5) unassigned. As of September 30, 2024, the Village's governmental fund statement reported a combined ending fund balance of \$25,611,531, a decrease of \$1,226,983 in comparison with the prior year. Of this amount, unassigned fund balance shows \$6,176,431, which are the funds available for spending at the government's discretion.

Of the total non-spendable, restricted, committed and assigned fund balances totaling \$19,435,100; 22.7% or \$4,409,888 is primarily restricted to capital improvement projects funded by infrastructure sales tax; 19.7% or \$3,829,094 is committed to expenditures to be funded by revenue sources established by Village Council action; 56.5% or \$10,978,166 is assigned for hurricane response and HMGP projects; and less than 1% or \$217,952 is in a non-spendable form as it relates to prepayments and deposits.

The general fund is the chief operating fund of the Village. At the end of the current year, the unassigned fund balance in the general fund was \$6,176,431. Under GASB 54, the general fund is the only fund that can have a positive unassigned fund balance. In the prior year, the total unassigned fund balance in the general fund was \$5,524,851, while total fund balance was \$14,142,770. The current year's unassigned fund balance increased \$651,580 over the prior year's unassigned fund balance. The increase is largely due to the decrease in the assignment of fund balance for hurricane response. The Village Council has established a policy that targets an unassigned fund balance of 25% to 30% of projected general fund expenditures for each fiscal year. When compared to the adopted fiscal year 2023-2024 budget, the unassigned fund balance exceeds this target.

Revenues recognized by the general fund totaled \$22,764,588 and increased over the prior year by \$1,443,077. Taxes were a significant portion of the increase in revenues for the general fund, increasing \$1,019,231 or 6.7% over prior year tax revenues. This was largely due to an increase in ad valorem taxes. General fund expenditures for the year increased \$1,945,669 over the prior year, largely due public safety, which increased \$1,308,847.

The capital projects fund is used to account for revenues and expenses associated with major governmental capital and infrastructure projects and capital asset purchases. In the prior year, the total fund balance in the capital projects fund was \$10,749,403. The ending fund balance of the capital projects fund at September 30, 2024 is \$8,767,497, a decrease of \$1,981,906 due mainly to substantial increases in capital outlay over the prior year.

The capital projects fund reflects a transfer out of \$91,510. The Village's receipts from a discretionary sales tax for infrastructure capital projects are transferred to other funds, including the debt service fund and the wastewater utility fund, to cover debt service previously incurred for capital project funding or to provide direct funding for capital projects as directed by the Village Council.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024

The debt service fund had a total fund balance of \$0 at September 30, 2024. While the Village's debt service fund is used to account for the payment of principal, interest and expenditures on long-term governmental debt during each fiscal year, it relies on transfers from other funds as the revenue source. These transfers equal the debt service expense requirements each fiscal year, and no fund balance is intended to be retained in the debt service fund.

Proprietary Funds

Proprietary fund statements provide the same information as in the business-type activities column of the government-wide statements, but in greater detail. Unrestricted net position (deficit) at the end of the year totaled \$(599,004) for the Plantation Yacht Harbor Marina fund, \$30,344,008 for the wastewater utility fund and \$601,787 for the stormwater utility fund. Total unrestricted net position for the proprietary funds was \$30,346,791 as of September 30, 2024 which was a decrease of \$2,313,621 from the prior year. The decrease was a result of construction costs increasing construction in progress related to the breakwater restoration project.

Other factors concerning the finances of the two major proprietary funds have already been addressed in the discussion of the Village's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original and final September 30, 2024 fiscal year budget for the general fund was an increase in budgeted revenues of \$1,314,029 and a decrease in budgeted expenditures of \$436,913. Increases in budgeted revenues were largely related to additional expected intergovernmental revenues and interest income.

Total actual revenues were less than the final budgeted revenues by \$353,941 due to intergovernmental revenues and franchise fees and actual expenditures were less than budgeted expenditures by \$393,153.

CAPITAL ASSETS

The Village's financial statements present capital assets in two categories: those assets subject to depreciation (such as buildings, infrastructure and equipment) and those not subject to depreciation (such as land and construction in progress).

The Village's investment in capital assets for its governmental and business-type activities as of September 30, 2024, was \$185,514,378 net of accumulated depreciation. Of this total, \$56,462,525 relates to governmental activities, while \$129,051,853 relates to business-type activities. In total, net capital assets increased by \$6,061,162 from the prior fiscal year.

**ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

Capital assets held by the Village at the end of the current and prior year are summarized as follows:

**Islamorada, Village of Islands, Florida
Capital Assets, Net of Accumulated Depreciation**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 35,777,266	\$ 30,990,257	\$ 1,061,948	\$ 1,061,948	\$ 36,839,214	\$ 32,052,205
Construction in progress	3,107,257	2,304,108	2,999,286	828,674	6,106,543	3,132,782
Land improvements	192,504	128,203	-	-	192,504	128,203
Buildings and improvements	5,959,571	6,168,564	711,289	746,326	6,670,860	6,914,890
Improvements other than building	2,375,655	1,005,528	2,291,507	2,373,518	4,667,162	3,379,046
Infrastructure	4,600,398	3,450,835	121,005,348	126,141,404	125,605,746	129,592,239
Equipment and furniture	1,295,410	896,399	802,144	450,261	2,097,554	1,346,660
Vehicles	3,154,464	2,681,594	180,331	225,597	3,334,795	2,907,191
Total assets	<u>\$ 56,462,525</u>	<u>\$ 47,625,488</u>	<u>\$ 129,051,853</u>	<u>\$ 131,827,728</u>	<u>\$ 185,514,378</u>	<u>\$ 179,453,216</u>

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

- Total capital assets in governmental activities increased \$8,837,037 due primarily to acquisition of \$10,382,216 in assets offset by \$1,545,179 in transfers, disposals and the recording of depreciation. Current year additions included the purchase of land for approximately \$4,787,000.
- Total capital assets in the business-type activities decreased by \$2,775,875. Assets acquired, including transfers, in the amount of \$3,629,938 were offset by depreciation of assets in the amount of \$6,405,813.

Additional information on the Village's capital assets can be found in Note 5 in this report.

LONG-TERM LIABILITIES

At the end of the current fiscal year, the Village had total long-term liabilities in the amount of \$69,371,161. The Village's long-term liabilities represents bonds secured solely by specified revenue sources (i.e., revenue bonds, special assessment bonds), as well as compensated absences payable, net pension liability and total OPEB liability. The Village has no general obligation bonds. These long-term liabilities are comprised of \$18,151,149 for governmental activities and \$51,220,012 for business-type activities.

Included in long-term liabilities are bonds payable of \$3,807,849 and state revolving fund loans of \$49,384,810. These declined over the prior year due to principal payments of \$4,732,691 made during the year.

The Village has other long-term liabilities related to compensated absences of \$1,052,083, net pension liability of \$13,542,529 due to the participation in the Florida Retirement System for its employees, and total OPEB liability of \$207,300. Net pension liability decreased by \$611,397 during the year.

**ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

More detailed information about the Village's long-term liabilities is presented in Note 7 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Village Council approved the Village budget for the September 30, 2025 fiscal year via Resolution on September 17, 2024. The final millage rate for the Village was fixed at 2.65 mills, which is \$2.65 per \$1,000 of assessed property. The rolled-back rate is 2.5297 mills and the approved millage rate is 4.76% or .1203 mills above the rolled-back rate.

The September 30, 2025 approved budget has total revenues of \$56,089,433 and total expenditures of \$60,720,257. The difference between the two will be funded by unused fund balance or net position.

Tourism in the Florida Keys continue at all-time high levels, and sales tax-based revenues have exceeded budget expectations. Additionally, development and re-development in Islamorada continues contributing to increasing taxable values. The Village's financial condition remains healthy and positive looking into the future.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Islamorada, Village of Islands, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Islamorada, Village of Islands, 86800 Overseas Highway, Islamorada, Florida 33036.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 17,572,629	\$ 5,988,123	\$ 23,560,752
Investments	8,164,342	2,220,882	10,385,224
Receivables, net	166,303	979,290	1,145,593
Special assessment receivables, net	-	1,320,914	1,320,914
Due from other governments	1,107,743	1,445,152	2,552,895
Other current assets	217,952	58,310	276,262
Special assessment receivables, net, noncurrent	-	20,626,962	20,626,962
Capital assets not being depreciated			
Land	35,777,266	1,061,948	36,839,214
Construction in progress	3,107,257	2,999,286	6,106,543
Capital assets being depreciated			
Land improvements	873,404	173,588	1,046,992
Buildings and improvements	10,877,260	1,145,806	12,023,066
Improvements other than buildings	7,174,859	3,201,493	10,376,352
Infrastructure	13,010,086	174,675,532	187,685,618
Equipment and furniture	4,933,352	2,391,615	7,324,967
Vehicles	5,747,238	464,477	6,211,715
Accumulated depreciation	(25,038,197)	(57,061,892)	(82,100,089)
Right-to-use asset	1,348,219	-	1,348,219
Total assets	<u>85,039,713</u>	<u>161,691,486</u>	<u>246,731,199</u>
Deferred outflows of resources			
Deferred outflows – pension	3,245,717	206,045	3,451,762
Deferred outflows – OPEB	71,084	10,288	81,372
Total deferred outflows of resources	<u>3,316,801</u>	<u>216,333</u>	<u>3,533,134</u>
Liabilities			
Accounts payable and accrued liabilities	1,270,278	1,191,463	2,461,741
Accrued interest payable	22,382	264,715	287,097
Unearned revenue	347,160	-	347,160
Noncurrent liabilities			
Due within one year	1,221,970	4,165,475	5,387,445
Due in more than one year	16,929,179	47,054,537	63,983,716
Total liabilities	<u>19,790,969</u>	<u>52,676,190</u>	<u>72,467,159</u>
Deferred inflows of resources			
Deferred inflows – pension	1,097,942	69,699	1,167,641
Deferred inflows – OPEB	79,273	11,473	90,746
Total deferred inflows of resources	<u>1,177,215</u>	<u>81,172</u>	<u>1,258,387</u>
Net position			
Net investment in capital assets	53,489,682	78,803,666	132,293,348
Restricted for			
Police training	72,504	-	72,504
Capital projects	8,767,497	-	8,767,497
Transportation	40,511	-	40,511
Building	876,998	-	876,998
Unrestricted	4,141,138	30,346,791	34,487,929
Total net position	<u>\$ 67,388,330</u>	<u>\$ 109,150,457</u>	<u>\$ 176,538,787</u>

The accompanying notes are an integral part of these financial statements

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/programs							
Governmental activities							
General government	\$ 6,441,816	\$ 61,069	\$ 100,733	\$ -	\$ (6,280,014)	\$ -	\$ (6,280,014)
Public safety	12,665,400	361,382	894,420	180,071	(11,229,527)	-	(11,229,527)
Physical environment	2,252,582	4,600,342	-	2,409,302	4,757,062	-	4,757,062
Transportation	2,528,016	52,394	-	816,706	(1,658,916)	-	(1,658,916)
Economic environment	13,600	-	-	-	(13,600)	-	(13,600)
Culture and recreation	3,028,975	1,284,073	99,000	-	(1,645,902)	-	(1,645,902)
Interest on long-term debt	84,597	-	-	-	(84,597)	-	(84,597)
Total governmental activities	27,014,986	6,359,260	1,094,153	3,406,079	(16,155,494)	-	(16,155,494)
Business-type activities							
Plantation Yacht Harbor Marina	1,522,779	1,638,871	-	14,000	-	130,092	130,092
Wastewater utility	11,792,079	7,050,502	-	1,437,825	-	(3,303,752)	(3,303,752)
Stormwater utility	143,331	197,644	-	-	-	54,313	54,313
Total business-type activities	13,458,189	8,887,017	-	1,451,825	-	(3,119,347)	(3,119,347)
Total primary government	\$ 40,473,175	\$ 15,246,277	\$ 1,094,153	\$ 4,857,904	\$ (16,155,494)	\$ (3,119,347)	\$ (19,274,841)
General revenues							
Property taxes					15,812,483	-	15,812,483
Sales tax					5,090,154	-	5,090,154
Communication services tax					391,541	-	391,541
Motor fuel tax					472,622	-	472,622
Other taxes					44,963	-	44,963
Franchise fees					849,068	-	849,068
Unrestricted interest					1,424,777	1,877,027	3,301,804
Miscellaneous					332,573	362,743	695,316
Total general revenues					24,418,181	2,239,770	26,657,951
Transfers					(91,510)	91,510	-
Total general revenues and transfers					24,326,671	2,331,280	26,657,951
Change in net position					8,171,177	(788,067)	7,383,110
Net position, beginning of year					59,217,153	109,938,524	169,155,677
Net position, end of year					\$ 67,388,330	\$ 109,150,457	\$ 176,538,787

The accompanying notes are an integral part of these financial statements

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 9,862,683	\$ -	\$ 5,632,979	\$ 2,076,967	\$ 17,572,629
Investments	4,274,730	-	3,101,386	788,226	8,164,342
Receivables	146,303	-	-	20,000	166,303
Due from other governments	779,116	-	236,938	91,689	1,107,743
Due from other funds	58,850	-	-	-	58,850
Prepays	176,085	-	-	41,757	217,842
Deposits	110	-	-	-	110
Total assets	<u>\$ 15,297,877</u>	<u>\$ -</u>	<u>\$ 8,971,303</u>	<u>\$ 3,018,639</u>	<u>\$ 27,287,819</u>
Liabilities					
Accounts payable	\$ 543,774	\$ -	\$ 203,806	\$ 167,329	\$ 914,909
Accrued expenditures	256,667	-	-	22,071	278,738
Due to other funds	-	-	-	58,850	58,850
Unearned revenue	-	-	-	347,160	347,160
Deposits	76,631	-	-	-	76,631
Total liabilities	<u>877,072</u>	<u>-</u>	<u>203,806</u>	<u>595,410</u>	<u>1,676,288</u>
Fund balances					
Non-spendable	176,195	-	-	41,757	217,952
Spendable					
Restricted	72,504	-	3,461,632	875,752	4,409,888
Committed	898,009	-	1,425,365	1,505,720	3,829,094
Assigned	7,097,666	-	3,880,500	-	10,978,166
Unassigned	6,176,431	-	-	-	6,176,431
Total fund balances	<u>14,420,805</u>	<u>-</u>	<u>8,767,497</u>	<u>2,423,229</u>	<u>25,611,531</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,297,877</u>	<u>\$ -</u>	<u>\$ 8,971,303</u>	<u>\$ 3,018,639</u>	<u>\$ 27,287,819</u>

The accompanying notes are an integral part of these financial statements

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

Fund balances – Total governmental funds	\$	25,611,531
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	\$ 81,500,722	
Accumulated depreciation	<u>(25,038,197)</u>	56,462,525
Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
		1,348,219
Deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Pension	3,245,717	
OPEB	<u>71,084</u>	3,316,801
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Accrued interest	(22,382)	
Bonds payable	(2,944,472)	
Compensated absences	(914,858)	
Net pension liability	(12,734,138)	
Other post-employment benefits payable	(181,091)	
Lease liability	<u>(1,376,590)</u>	(18,173,531)
Deferred inflows of resources are not available to pay for current expenditures and, therefore, are not reported in the governmental funds		
Pension	(1,097,942)	
OPEB	<u>(79,273)</u>	(1,177,215)
Net position of governmental activities		<u>\$ 67,388,330</u>

The accompanying notes are an integral part of these financial statements

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Taxes	\$ 16,204,024	\$ -	\$ 3,380,488	\$ 472,622	\$ 20,057,134
Permits, fees and assessments	1,389,792	-	320,445	4,191,187	5,901,424
Intergovernmental	2,967,742	-	2,409,302	996,777	6,373,821
Charges for services	1,173,648	-	-	-	1,173,648
Fines and forfeitures	133,256	-	-	-	133,256
Interest	821,369	-	461,862	141,546	1,424,777
Miscellaneous revenues	74,757	-	238,398	19,418	332,573
Total revenues	<u>22,764,588</u>	<u>-</u>	<u>6,810,495</u>	<u>5,821,550</u>	<u>35,396,633</u>
Expenditures					
Current					
General government	6,134,255	-	-	-	6,134,255
Public safety	10,039,396	-	144,169	1,885,204	12,068,769
Physical environment	-	-	-	2,240,041	2,240,041
Transportation	754,315	-	-	1,350,737	2,105,052
Economic environment	-	-	-	13,600	13,600
Culture/recreation	2,761,868	-	-	-	2,761,868
Capital outlay	-	-	11,874,116	-	11,874,116
Debt service					
Principal	-	717,675	-	-	717,675
Interest	-	114,751	-	-	114,751
Total expenditures	<u>19,689,834</u>	<u>832,426</u>	<u>12,018,285</u>	<u>5,489,582</u>	<u>38,030,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,074,754</u>	<u>(832,426)</u>	<u>(5,207,790)</u>	<u>331,968</u>	<u>(2,633,494)</u>
Other financing sources (uses)					
Leases under GASB No. 87	-	-	1,498,021	-	1,498,021
Transfers in	84,000	832,426	1,819,373	757,216	3,493,015
Transfers out	(2,880,719)	-	(91,510)	(612,296)	(3,584,525)
Total other financing sources (uses)	<u>(2,796,719)</u>	<u>832,426</u>	<u>3,225,884</u>	<u>144,920</u>	<u>1,406,511</u>
Change in fund balances	278,035	-	(1,981,906)	476,888	(1,226,983)
Fund balances, beginning of year	<u>14,142,770</u>	<u>-</u>	<u>10,749,403</u>	<u>1,946,341</u>	<u>26,838,514</u>
Fund balances, end of year	<u>\$ 14,420,805</u>	<u>\$ -</u>	<u>\$ 8,767,497</u>	<u>\$ 2,423,229</u>	<u>\$ 25,611,531</u>

The accompanying notes are an integral part of these financial statements

**ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Net change in fund balances – Total governmental funds \$ (1,226,983)

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 these assets are depreciated over their estimated useful lives

Capital outlay	\$ 10,382,216	
Less current year depreciation	<u>(1,529,709)</u>	8,852,507

The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position (15,470)

In the statement of activities, the right-to-use asset from a lease is amortized over the life of the lease. However, the right-to-use asset is not reported in the governmental fund

Leases under GASB No. 87	(1,498,021)	
Capital outlay	1,498,021	
Less amortization	<u>(149,802)</u>	(149,802)

Resources in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds (118,960)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items

Principal repayments		717,675
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Change in accrued interest payable	30,154	
Change in compensated absences	48,853	
Change in lease liability	<u>121,431</u>	200,438

In the governmental funds, current year expenditures related to pensions and OPEB are comprised solely of amounts contributed to the plans for the current year. However, in the statement of activities, expenses related to pensions and OPEB include amounts that do not require the use of current financial resources. These amounts represent the difference in the required accounting treatment of pensions, OPEB and related items

Change in deferred outflows of resources – pension	46,259	
Change in deferred outflows of resources – OPEB	(15,856)	
Change in net pension liability	648,466	
Change in other post-employment benefits	(4,375)	
Change in deferred inflows of resources – pension	(780,027)	
Change in deferred inflows of resources – OPEB	<u>17,305</u>	<u>(88,228)</u>

Net position of governmental activities \$ 8,171,177

The accompanying notes are an integral part of these financial statements

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	Business-Type Activities – Enterprise Funds			
	Major Funds		Nonmajor	
	Plantation Yacht Harbor Marina	Wastewater Utility	Stormwater Utility	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 173,304	\$ 5,326,935	\$ 487,884	\$ 5,988,123
Investments	360,931	1,734,264	125,687	2,220,882
Receivables, net	23,023	956,267	-	979,290
Special assessment receivables, net	-	1,320,914	-	1,320,914
Due from other governments	-	1,440,965	4,187	1,445,152
Prepays	13,906	44,204	-	58,110
Deposits	200	-	-	200
Total current assets	571,364	10,823,549	617,758	12,012,671
Noncurrent assets				
Special assessment receivables, net	-	20,626,962	-	20,626,962
Capital assets not being depreciated				
Land	-	1,061,948	-	1,061,948
Construction in progress	1,956,823	1,042,463	-	2,999,286
Capital assets being depreciated				
Land improvements	32,567	80,108	60,913	173,588
Buildings and improvements	1,145,806	-	-	1,145,806
Improvements other than buildings	3,186,929	14,564	-	3,201,493
Infrastructure	687,058	171,743,710	2,244,764	174,675,532
Equipment and furniture	1,819,553	572,062	-	2,391,615
Vehicles	-	464,477	-	464,477
Accumulated depreciation	(3,298,104)	(53,131,683)	(632,105)	(57,061,892)
Total assets	6,101,996	153,298,160	2,291,330	161,691,486
Deferred outflows of resources				
Deferred outflows – pension	62,087	140,363	3,595	206,045
Deferred outflows – OPEB	2,050	8,193	45	10,288
Total deferred outflows of resources	64,137	148,556	3,640	216,333
Liabilities				
Current liabilities				
Accounts payable	858,103	307,151	173	1,165,427
Accrued expenses	6,283	19,371	382	26,036
Accrued interest payable	270	264,445	-	264,715
Amounts due within one year				
Bonds payable	12,929	287,061	-	299,990
Loans payable	-	3,816,056	-	3,816,056
Compensated absences	33,361	14,879	1,189	49,429
Total current liabilities	910,946	4,708,963	1,744	5,621,653
Noncurrent liabilities				
Bonds payable	23,690	539,697	-	563,387
Loans payable	-	45,568,754	-	45,568,754
Compensated absences	64,389	21,025	2,382	87,796
Net pension liability	243,588	550,697	14,106	808,391
Total OPEB liability	5,223	20,873	113	26,209
Total liabilities	1,247,836	51,410,009	18,345	52,676,190
Deferred inflows of resources				
Deferred inflows – pension	21,002	47,481	1,216	69,699
Deferred inflows – OPEB	2,286	9,137	50	11,473
Total deferred inflows of resources	23,288	56,618	1,266	81,172
Net position				
Net investment in capital assets	5,494,013	71,636,081	1,673,572	78,803,666
Unrestricted net position (deficit)	(599,004)	30,344,008	601,787	30,346,791
Total net position	<u>\$ 4,895,009</u>	<u>\$ 101,980,089</u>	<u>\$ 2,275,359</u>	<u>\$ 109,150,457</u>

The accompanying notes are an integral part of these financial statements

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities – Enterprise Funds			Total
	Major Funds		Nonmajor	
	Plantation Yacht Harbor Marina	Wastewater Utility	Stormwater Utility	
Operating revenues				
Charges for services				
Utilities	\$ -	\$ 7,050,502	\$ 197,644	\$ 7,248,146
Dock rentals	1,070,044	-	-	1,070,044
Fuel sales	510,212	-	-	510,212
Ramp	58,615	-	-	58,615
Miscellaneous revenues	10,519	352,224	-	362,743
Total operating revenues	<u>1,649,390</u>	<u>7,402,726</u>	<u>197,644</u>	<u>9,249,760</u>
Operating expenses				
Personal services	391,230	1,002,078	20,614	1,413,922
Operating	873,385	3,419,542	12,405	4,305,332
Depreciation	257,308	6,056,795	110,312	6,424,415
Total operating expenses	<u>1,521,923</u>	<u>10,478,415</u>	<u>143,331</u>	<u>12,143,669</u>
Operating income (loss)	127,467	(3,075,689)	54,313	(2,893,909)
Nonoperating revenues (expenses)				
Interest revenue	47,527	1,801,727	27,773	1,877,027
Interest and fiscal charges/amortization expense	(856)	(1,313,664)	-	(1,314,520)
Total nonoperating revenues (expenses)	<u>46,671</u>	<u>488,063</u>	<u>27,773</u>	<u>562,507</u>
Income (loss) before capital contributions and transfers	174,138	(2,587,626)	82,086	(2,331,402)
Capital contributions	14,000	1,437,825	-	1,451,825
Transfers in (out)	-	91,510	-	91,510
Changes in net position	188,138	(1,058,291)	82,086	(788,067)
Net position, beginning of year	4,706,871	103,038,380	2,193,273	109,938,524
Net position, end of year	<u>\$ 4,895,009</u>	<u>\$ 101,980,089</u>	<u>\$ 2,275,359</u>	<u>\$ 109,150,457</u>

The accompanying notes are an integral part of these financial statements

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities – Enterprise Funds			
	Major Funds		Nonmajor	
	Plantation Yacht Harbor Marina	Wastewater Utility	Stormwater Utility	Total
Cash flows from operating activities				
Cash received from customers	\$ 1,642,414	\$ 7,425,037	\$ 196,961	\$ 9,264,412
Cash paid to customers	(69,566)	(3,446,319)	(12,407)	(3,528,292)
Cash paid to employees	(384,915)	(918,255)	(18,759)	(1,321,929)
Net cash provided by operating activities	<u>1,187,933</u>	<u>3,060,463</u>	<u>165,795</u>	<u>4,414,191</u>
Cash flows from noncapital financing activities				
Transfers in	-	91,510	-	91,510
Net cash provided by noncapital financing activities	<u>-</u>	<u>91,510</u>	<u>-</u>	<u>91,510</u>
Cash flows from capital and related financing activities				
Principal payments on loans and bonds	(12,649)	(4,002,367)	-	(4,015,016)
Interest payments on loans and bonds	(949)	(1,335,269)	-	(1,336,218)
Proceeds from capital grants and contributions	14,000	3,390,645	-	3,404,645
Acquisition and construction of capital assets	(1,907,730)	(1,740,810)	-	(3,648,540)
Net cash used in capital and related financing activities	<u>(1,907,328)</u>	<u>(3,687,801)</u>	<u>-</u>	<u>(5,595,129)</u>
Cash flows from investing activities				
Interest received	47,527	1,801,727	27,773	1,877,027
Net cash (used) provided by investing activities	<u>47,527</u>	<u>1,801,727</u>	<u>27,773</u>	<u>1,877,027</u>
Net change in cash and cash equivalents	(671,868)	1,265,899	193,568	787,599
Cash and cash equivalents, beginning of year	845,172	4,061,036	294,316	5,200,524
Cash and cash equivalents, end of year	<u>\$ 173,304</u>	<u>\$ 5,326,935</u>	<u>\$ 487,884</u>	<u>\$ 5,988,123</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 127,467	\$ (3,075,689)	\$ 54,313	\$ (2,893,909)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	257,308	6,056,795	110,312	6,424,415
Decrease (increase) in assets and deferred outflows				
Receivables	(6,976)	22,311	-	15,335
Prepays	(274)	(3,285)	-	(3,559)
Due from other governments	-	-	(683)	(683)
Deferred outflows – pension	850	(22,243)	(248)	(21,641)
Deferred outflows – OPEB	(270)	(1,286)	27	(1,529)
Increase (decrease) in liabilities and deferred inflows				
Accounts payable	804,093	(23,492)	(2)	780,599
Accrued expenses	436	5,246	69	5,751
Compensated absences	8,302	1,444	1,078	10,824
Net pension liability	(19,665)	56,626	108	37,069
Total OPEB liability	1,605	6,830	(32)	8,403
Deferred inflows – pension	14,748	35,744	883	51,375
Deferred inflows – OPEB	309	1,462	(30)	1,741
Net cash provided by operating activities	<u>\$ 1,187,933</u>	<u>\$ 3,060,463</u>	<u>\$ 165,795</u>	<u>\$ 4,414,191</u>

The accompanying notes are an integral part of these financial statements

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND OPERATIONS

Islamorada, Village of Islands, Florida (the “Village”) was created pursuant to Chapter 97–348, Florida Statutes, as of December 31, 1997, to become operational March 26, 1998. The Village includes four keys: Plantation Key, Windley Key, Upper Matecumbe Key, and Lower Matecumbe Key, within Monroe County, Florida. The Village operates under a Council–Manager form of government and provides or contracts for a wide range of community services including general government; public works; planning, zoning and building; public safety (fire protection, emergency medical services and police services); cultural and recreation (parks maintenance, recreational activities, cultural events, and related facilities); and operation of a marina, a wastewater utility and a stormwater utility. The Village Council (the “Council”) is responsible for legislative and fiscal control of the Village.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and practices, and the presentation of the financial statements for the Village conform with generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies and practices.

A. Reporting Entity:

As required by generally accepted accounting principles, these financial statements present the government and its component units, if applicable. Component units are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Village’s financial statements to be misleading or incomplete. A primary government is considered financially accountable if it appoints a voting majority of an organization’s governing body and is able to impose its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government and a financial benefit or burden relationship exists, regardless of the authority of the organization’s governing board. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations and are included as part of the primary government.

Based on the application of the criteria set forth by the GASB, management has determined that no component units exist which would require inclusion in this report. Further, management is not aware of any entity which would consider the Village to be a component unit.

B. Government–Wide Financial Statements:

The government–wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Village. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business–type activities, which rely to a significant extent on fees and charges for support.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which program revenues offset the direct expenses of a given function or program. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or program, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's wastewater function and various other functions of the government, if applicable. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

C. Fund Financial Statements:

The fund financial statements provide information about the Village's funds. Separate statements for each fund category – governmental and proprietary funds – are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The Capital Projects Fund accounts for revenues from discretionary sales surtax, grants and impact fees for capital improvement projects.

The Village reports the following major proprietary funds:

The Plantation Yacht Harbor Marina Fund is used to account for marina services provided to the community that are financed and operated in a manner similar to a private business enterprise. The costs of providing services are generally recovered through user charges.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Wastewater Utility Fund is used to account for the design, construction and operation of Village owned wastewater treatment facilities that are financed and operated in a manner similar to a private business enterprise. The costs of providing services are recovered through user charges.

Additionally, the Village reports the following nonmajor funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

The Stormwater Utility Fund is used to account for the construction of a Village owned stormwater drainage utility that provides drainage services to the residents of the Village and is operated in a manner similar to a private business enterprise. The costs of providing services will be recovered through user charges in the future.

During the course of normal operations, the Village has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as non-operating revenues or expenses.

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. Ad valorem taxes and charges for services are susceptible to accrual when collected in the current year or within 60 days subsequent to year-end, provided that amounts received pertain to billings through the fiscal year. Intergovernmental revenues, which include federal and state grants, state revenue sharing allotments, local government one-half cent sales tax and county shared revenue, among other sources are recorded in accordance with their legal or contractual requirements if collected in the current period or within 60 days after year-end. Interest income is recorded when earned. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due.

E. Budgetary Information:

Florida Statutes require that all municipal governments establish budgetary systems and approve balanced annual operating budgets. The Village Council annually adopts an operating budget and appropriates funds for the General, Special Revenue, Capital Project, Debt Service, and Enterprise funds consistent with generally accepted accounting principles. The procedures for establishing budgetary data are as follows:

- In August of each year, the Village Manager submits a proposed operating budget to the Council for the fiscal year commencing the following October 1. The operating budget includes proposed appropriations and the means of funding them.
- Two public hearings are conducted, usually during the month of September, to obtain taxpayer comments on the proposed budgets for each fund.
- Upon completion of the public hearings and before October 1, a final operating budget is legally enacted through the passage of a resolution. Passage of this resolution constitutes appropriation of the amounts specified in the budget as expenditures.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The adopted budget resolution specifies that the initial limitation on expenditures is by department or category total. The total allocated to each department, category (personnel, operating or capital) or line item may be increased or decreased by the Village Manager so long as the modification does not exceed the Village's total budgeted funds. Whenever a department, category or line item reallocation occurs, the Village Manager must present a resolution to the Village Council for approval amending the budget to reflect such department, category or line item reallocation within 30 days of the date of the reallocation.

Additionally, the adopting budget resolution provides that all outstanding encumbrances (open purchase orders) at the end of the fiscal year shall lapse. Those outstanding encumbrances may be re-appropriated into the next fiscal year budget. The total amount of outstanding encumbrances at year-end are reflected in assigned fund balance of the respective funds. When the year-end outstanding encumbrances are re-appropriated the next fiscal year, a use of fund balance is requested for approval by the Village Council.

Florida Statutes provide that the governing body of each municipality may amend the budget at any time within the fiscal year or within 60 days following the end of the fiscal year. Within 60 days of the fiscal year-end, the Village prepares a re-appropriation budget amendment to try to ensure that budget deficiencies at department, category, or line item level are covered.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position:

Cash and Cash Equivalents:

Cash and cash equivalents are defined as cash on hand, demand deposits and highly liquid investments with original maturities of three months or less from the date of acquisition.

Prepays:

Prepayments are recorded as assets when the initial payment is made. Each asset is then charged off against operations in the period benefitted. These amounts are reported as non-spendable in the governmental fund financial statements.

Special Assessments:

Special assessments, levied pursuant to Florida Statutes, are used to finance wastewater utility capital projects, in combination with grants and other revenue sources. The assessments are levied and imposed on all real estate parcels in the assessment districts upon adoption of a final assessment resolution. Typically, when special assessments are imposed they may be prepaid in a lump sum or spread over a 25–30 year amortization period (with interest and fees) as a non-ad valorem assessment, at the discretion of the affected property owner. During the amortization period, property owners also have the option annually to pay off the remaining principal amount of an assessment and remove it from future tax rolls. Each year, in order to perfect the lien, the Village must adopt an assessment resolution to place the annual non-ad valorem assessments on the current tax roll.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under full accrual accounting, the estimated value of the current wastewater assessment roll levied for the 2024–2025 fiscal year (less an allowance for uncollectible amounts and interest and fees which are applicable to fiscal year 2025) is considered a current receivable for fiscal year 2023–2024. The remaining unpaid principal of each assessment (less an allowance for uncollectible amounts) is recorded as a noncurrent receivable.

Capital Assets:

Capital assets, which include land, construction in progress, equipment and furniture, vehicles, buildings and building renovation, improvements other than buildings, infrastructure and infrastructure improvements, land improvements, and park improvements, are reported in the applicable governmental or business–type activities columns in the government–wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at an estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business–type activities are expensed as incurred.

Capital assets are depreciated using the straight–line method over the following estimated useful lives:

	<u>Years</u>
Equipment and furniture	5–12
Vehicles	6–7
Building and building renovations	50
Infrastructure and improvements	10–40
Land improvements	10
Park improvements	15–50
Other improvements	12

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and proprietary funds statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. The deferred outflows of resources reported in these statements are related to the Village’s defined benefit pension plan and total other post–employment benefit liability.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of net position and proprietary funds statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized an inflow of resources (revenue) until that time. The deferred inflows of resources reported in these statements are related to the Village’s defined benefit pension plan and total other post-employment liability.

The governmental funds balance sheet may also report unavailable revenue as a deferred inflow of resources which represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until the amount becomes available. The Village did not recognize a deferred inflow of resources for unavailable revenue as of September 30, 2024.

The Village reports deferred outflows and deferred inflows related to the recording of changes in its net pension liability and total OPEB liability. Certain changes in the net pension liability and total OPEB liability are recognized as expense over time instead of all being recognized in the year of occurrence.

Experience gains or losses from periodic actuary studies and changes in actuarial assumptions which adjust the net pension liability and total OPEB liability are also recorded as deferred outflows of resources and are amortized into expense over the expected remaining lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against expense over a five year period. The changes in proportion and differences between Village contributions and proportionate share of contributions are also deferred and amortized against expense over a five year period.

Additionally, any contributions made by the Village to the pension plan before year-end, but subsequent to the measurement date of the Village’s net pension liability are reported as deferred outflows of resources.

Pension:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Village’s FRS plan and additions to/deductions from this plan’s fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences:

The Village's employees are granted compensated absence pay for vacation and sick leave in varying amounts based on length of service. Unused compensated absences are payable upon separation from service. Vacation is accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the vacation liability and it is probable that the Village will compensate the employees in some manner, e.g., in cash or in paid time-off, now or upon termination or retirement. The Village uses the vesting method in accruing sick leave liability. The vesting method accrues sick leave liability for employees who are eligible to receive termination payments upon separation. Vacation and sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

In the fund financial statements, governmental funds report only the compensated absence liability payable when matured as a result of employee resignation or retirement. The general fund has typically been used in prior years to liquidate such amounts. Vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Long-Term Obligations:

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable is reported net of the applicable bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt is reported as another financing source. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance/Net Position:

The Village desires to provide a stable financial environment for operations that allows the Village to provide quality services in a fiscally responsible manner. This fund balance policy is meant to serve as the framework upon which consistent operations may be built and sustained.

When both restricted and unrestricted fund balance/net position are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed. Within unrestricted fund balance, the order in which expenditures will be applied is as follows: committed, assigned and then unassigned.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Additionally, fund balance classifications depict the nature of the net resources that are reported in a governmental fund. The following definitions provided by GASB Statement No. 54 will be used in reporting activity in governmental funds of the Village.

- Non-spendable Fund Balance: Amounts that cannot be spent because they are either: (1) not in spendable form, or (2) legally or contractually required to be maintained intact. Amounts included as non-spendable include inventories, deposits, prepaid amounts, long-term amounts of loans and notes receivable, and property held for resale, unless proceeds are restricted, committed or assigned, as well as funds legally or contractually required to be maintained intact.
- Restricted Fund Balance: Amounts that may only be spent for specific purposes, as stipulated by external resource providers, by constitution or through enabling legislation that is legally enforceable by an external party. Enabling legislation that creates a revenue stream must also stipulate the purposes for which that revenue can be used. Restrictions may only be changed by parties external to the Village.
- Committed Fund Balance: Amounts committed for specific purposes by formal action of the government's highest level of decision-making authority. Fund balance can be committed pursuant to constraints imposed by either an ordinance, resolution, or a valid agreement between the Village and a counterparty for which it is clearly documented that the Village will use existing resources, rather than future revenues, to satisfy the contractual obligation. These amounts cannot be used for any other purpose unless the Village Council removes or changes the limitation by taking the same form of action it employed to previously impose the limitation. Formal action to commit an amount to a specific purpose must be made prior to the end of the Village's fiscal year. The actual amount, however, may be computed after year-end as part of the preparation of the financial statements.
- Assigned Fund Balance: Amounts that are intended by the government to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by: (1) the governing body itself, or (2) a subordinate high-level body or official possessing the authority to assign amounts to be used for specific purposes. This authority is granted by the Village Council to the Village Manager. Assignment calculations may be made after year-end as part of the preparation of the financial statements. Included in this category is any fund balance carry-forward used to balance the subsequent year's budget.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Unassigned Fund Balance: The residual classification of fund balance which has not been restricted, committed or assigned to specific purposes. Only the general fund may report positive unassigned fund balance. Unassigned residual deficits may apply to other governmental funds to the extent fund balances are insufficient to satisfy restricted and committed balances.

Government-wide and proprietary fund financial statements utilize a net position presentation. Net position is presented in three components as follows:

1. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or borrowings that are attributable to the acquisition, construction or improvement of those assets. This component does not include the unspent proceeds of debt.
2. Restricted net position – Consists of funds with constraints placed on their use either by: (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – Consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

G. Property Taxes:

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment roll meets all of the appropriate requirements of State Law. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills.

The tax levy is established by the Council prior to October 1 of each year during the budget process. The millage rate assessed by the Village for the year ended September 30, 2024, was 2.65000 mills (\$2.65 for each \$1,000 of assessed valuation).

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five year statute of limitations.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. 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/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – CASH AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds to facilitate the cash management process. Each fund's portion of this pool is included on the statement of net position and balance sheet as "cash and cash equivalents" and "investments." Interest and investments are allocated to the various funds based on their proportionate share of the cash pool.

Cash and Cash Equivalents:

All of the Village's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Therefore, all of the Village's deposits are entirely collateralized and any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. At September 30, 2024, the carrying amount of the Village's deposits was \$23,560,752 and the total bank balance was \$24,299,030.

Investments:

In accordance with the Village's investment policy, the Village may invest in the following:

- Interest-bearing time deposits and checking or savings accounts in qualified public depositories as defined in Florida Statute 280.02.
- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Statute 163.01.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Direct obligations of the United States Treasury.
- Federal agencies or instrumentalities.

The Village has deposits with the Florida Cooperative Liquid Assets Securities System (FLCLASS). FLCLASS is a local government investment pool emphasizing safety, liquidity and yield. FLCLASS measures its investments at fair value. The Village's investment is in the pool of assets held by FLCLASS and not the investments themselves, therefore, the Village's investments are not required to be categorized within the fair value hierarchy in accordance with paragraph 81a(2) of GASB Statement No. 72.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

FLCLASS is rated by S&P Global Ratings as AAAm. Since FLCLASS is an external investment pool, the investment pool is not subject to custodial credit risk. In regards to interest rate risk, the dollar weighted average days to maturity (WAM) of FLCLASS at September 30, 2024 is 30 days and the weighted average life (WAL) of FLCLASS is 83 days. Investments with FLCLASS are not exposed to foreign currency risk. Investments held with FLCLASS totaled \$10,385,224 at September 30, 2024.

NOTE 4 – RECEIVABLES

Receivables at September 30, 2024 for the Village’s individual major funds and total nonmajor funds are as follows:

	Accounts	Special Assessments	Due from Other Governments	Total
Governmental Activities				
Major funds				
General Fund	\$ 146,303	\$ -	\$ 779,116	\$ 925,419
Capital Projects Fund	-	-	236,938	236,938
Nonmajor funds	20,000	-	91,689	111,689
Total governmental activities	<u>166,303</u>	<u>-</u>	<u>1,107,743</u>	<u>1,274,046</u>
Business-Type Activities				
Major funds				
Plantation Yacht Harbor Marina	23,023	-	-	23,023
Wastewater Utility Fund	956,267	21,947,876	1,440,965	24,345,108
Nonmajor funds	-	-	4,187	4,187
Total business-type activities	<u>979,290</u>	<u>21,947,876</u>	<u>1,445,152</u>	<u>24,372,318</u>
Total primary government	<u>\$ 1,145,593</u>	<u>\$ 21,947,876</u>	<u>\$ 2,552,895</u>	<u>\$ 25,646,364</u>

Special assessment receivables of the wastewater utility fund are reported net of an allowance for uncollectible accounts. The current portion and noncurrent portions of the special assessment receivables have an allowance in the amount of \$55,038 and \$859,457, respectively. All other receivables are deemed fully collectible by the Village.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 30,990,257	\$ 4,787,009	\$ -	\$ -	\$ 35,777,266
Construction in progress	2,304,108	3,429,033	-	(2,625,884)	3,107,257
Total capital assets, not being depreciated	<u>33,294,365</u>	<u>8,216,042</u>	<u>-</u>	<u>(2,625,884)</u>	<u>38,884,523</u>
Capital assets, being depreciated					
Land improvements	791,387	82,017	-	-	873,404
Buildings and improvements	10,788,210	89,050	-	-	10,877,260
Improvements other than buildings	5,617,902	553,422	(7,500)	1,011,035	7,174,859
Infrastructure	11,491,374	-	-	1,518,712	13,010,086
Equipment and furniture	4,334,104	725,187	(125,939)	-	4,933,352
Vehicles	5,141,912	716,498	(218,637)	70,261	5,710,034
Total capital assets, being depreciated	<u>38,164,889</u>	<u>2,166,174</u>	<u>(352,076)</u>	<u>2,600,008</u>	<u>42,578,995</u>
Less accumulated depreciation for:					
Land improvements	(663,184)	(17,716)	-	-	(680,900)
Buildings and improvements	(4,619,646)	(298,043)	-	-	(4,917,689)
Improvements other than buildings	(4,612,374)	(194,330)	7,500	-	(4,799,204)
Infrastructure	(8,040,539)	(369,149)	-	-	(8,409,688)
Equipment and furniture	(3,437,705)	(321,571)	121,334	-	(3,637,942)
Vehicles	(2,460,318)	(328,900)	215,046	18,602	(2,555,570)
Total accumulated depreciation	<u>(23,833,766)</u>	<u>(1,529,709)</u>	<u>343,880</u>	<u>18,602</u>	<u>(25,000,993)</u>
Total capital assets, being depreciated, net	<u>14,331,123</u>	<u>636,465</u>	<u>(8,196)</u>	<u>2,618,610</u>	<u>17,578,002</u>
Governmental activities capital assets, net	<u>\$ 47,625,488</u>	<u>\$ 8,852,507</u>	<u>\$ (8,196)</u>	<u>\$ (7,274)</u>	<u>\$ 56,462,525</u>

Depreciation expense was charged to the governmental activities as follows:

Governmental Activities	
General government	\$ 309,240
Public safety	519,860
Transportation	422,964
Culture and recreation	277,645
	<u>\$ 1,529,709</u>

The Village also has recognized a right-to-use asset (see Note 7). Right-to-use asset activity for the year ended September 30, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Modifications and Remeasurements</u>	<u>Subtractions</u>	<u>Ending Balance</u>
Lease assets					
Equipment	\$ -	1,498,021	-	-	1,498,021
Total lease assets	<u>-</u>	<u>1,498,021</u>	<u>-</u>	<u>-</u>	<u>1,498,021</u>
Less accumulated amortization					
Vehicle	-	(149,802)	-	-	(149,802)
Total lease assets being amortized	<u>-</u>	<u>(149,802)</u>	<u>-</u>	<u>-</u>	<u>(149,802)</u>
Right-to-use asset	<u>\$ -</u>	<u>\$ 1,348,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,348,219</u>

Amortization expense for the year ended September 30, 2024 was \$149,802 and is included in public safety expense in the statement of activities.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Capital asset activity for the business-type activities for the year ended September 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-Type Activities					
Capital assets, not being depreciated					
Land	\$ 1,061,948	\$ -	\$ -	\$ -	\$ 1,061,948
Construction in progress	828,674	2,170,612	-	-	2,999,286
Total capital assets, not being depreciated	<u>1,890,622</u>	<u>2,170,612</u>	<u>-</u>	<u>-</u>	<u>4,061,234</u>
Capital assets, being depreciated					
Land improvements	173,588	-	-	-	173,588
Buildings and improvements	1,145,806	-	-	-	1,145,806
Improvements other than buildings	3,154,396	47,097	-	-	3,201,493
Infrastructure	173,742,479	933,053	-	-	174,675,532
Equipment and furniture	1,919,713	471,902	-	-	2,391,615
Vehicles	438,601	-	-	25,876	464,477
Total capital assets, being depreciated	<u>180,574,583</u>	<u>1,452,052</u>	<u>-</u>	<u>25,876</u>	<u>182,052,511</u>
Less accumulated depreciation for:					
Land improvements	(173,588)	-	-	-	(173,588)
Buildings and improvements	(399,480)	(35,037)	-	-	(434,517)
Improvements other than buildings	(780,878)	(129,108)	-	-	(909,986)
Infrastructure	(47,601,075)	(6,069,109)	-	-	(53,670,184)
Equipment and furniture	(1,469,452)	(120,019)	-	-	(1,589,471)
Vehicles	(213,004)	(52,540)	-	(18,602)	(284,146)
Total accumulated depreciation	<u>(50,637,477)</u>	<u>(6,405,813)</u>	<u>-</u>	<u>(18,602)</u>	<u>(57,061,892)</u>
Total capital assets, being depreciated, net	<u>129,937,106</u>	<u>(4,953,761)</u>	<u>-</u>	<u>7,274</u>	<u>124,990,619</u>
Business-type activities capital assets, net	<u>\$ 131,827,728</u>	<u>\$ (2,783,149)</u>	<u>\$ -</u>	<u>\$ 7,274</u>	<u>\$ 129,051,853</u>

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

Business-Type Activities	
Plantation Yacht Harbor Marina	\$ 257,308
Wastewater Utility	6,038,193
Stormwater Utility	110,312
	<u>\$ 6,405,813</u>

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – INTERFUND BALANCES

As of September 30, 2024, the transportation fund owed the general fund \$58,850.

Interfund transfers between funds for the year ended September 30, 2024 were as follows:

	Transfers In	Transfers Out
Governmental Activities		
Major funds		
General Fund	\$ 84,000	\$ 2,880,719
Debt Service Fund	832,426	-
Capital Projects Fund	1,819,373	91,510
Nonmajor funds	757,216	612,296
Total governmental activities	3,493,015	3,584,525
Business-Type Activities		
Major funds		
Plantation Yacht Harbor Marina	-	-
Wastewater Utility Fund	91,510	-
Nonmajor funds	-	-
Total business-type activities	91,510	-
Total primary government	\$ 3,584,525	\$ 3,584,525

Because the Village’s governmental debt is secured by discretionary sales surtax levied to fund infrastructure capital projects, a transfer of \$528,296 occurred from the transportation fund to the debt service fund. In addition, \$304,130 was transferred from the general fund to the debt service fund to fund long-term debt payments. A transfer of \$84,000 was made from the building fund to the general fund to reflect rent expense by the building fund for the portion of square footage the building department occupies in the Village's Administration Center (\$60,000) and to reflect a cost for use of four Village vehicles by the building department (\$24,000). A percentage allocation of personnel costs for staff assigned to general fund departments that provide services to the building department are expensed directly. The general fund also made transfers to the capital projects fund for \$1,819,373, solid waste fund for \$127,000 and transportation fund for \$630,216. Finally, a transfer of \$91,510 was made from the capital projects fund to the wastewater utility fund for costs related to the wastewater project.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – LONG-TERM LIABILITIES

The following is a summary of changes in governmental activities long-term debt for the year ended September 30, 2024:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable					
Series 2012	\$ 1,102,147	\$ -	\$ (282,675)	\$ 819,472	\$ 289,157
Series 2013	2,560,000	-	(435,000)	2,125,000	450,000
Compensated absences	963,711	734,086	(782,939)	914,858	355,815
Net pension liability	13,382,604	6,309,939	(6,958,405)	12,734,138	-
Total OPEB liability	176,716	23,771	(19,396)	181,091	-
Lease liability	-	1,498,021	(121,431)	1,376,590	126,998
Total governmental activities	<u>\$ 18,185,178</u>	<u>\$ 8,565,817</u>	<u>\$ (8,599,846)</u>	<u>\$ 18,151,149</u>	<u>\$ 1,221,970</u>

Typically, compensated absences, the net pension liability, and other post-employment benefits are liquidated with funds from the general fund.

Long-term debt of the governmental activities at September 30, 2024 is composed of the following bonds payable:

	Governmental Activities
<u>Capital Improvement Refunding Revenue Bond, Series 2012</u>	
The Village issued bonds in the amount of \$2,392,749 to refund \$2,332,600 of outstanding Public Improvement Revenue Bonds, Series 2007, plus accrued interest and issuance costs. Principal and interest at 2.21% is payable semi-annually on December 1 and June 1 through June 2027. The bonds are secured by, and payable from, the Village's portion of the one-cent governmental infrastructure surtax.	\$ 819,472
<u>Capital Improvement Revenue Bond, Series 2013</u>	
The Village issued bonds in the amount of \$6,000,000 to finance the cost of acquisition of construction of capital improvements to the road system and pay issuance costs. Principal and interest at 3.13% is payable semi-annually on October 1 and April 1 through October 1, 2028. The bonds are secured by, and payable from, the Village's local option gas tax revenues.	<u>2,125,000</u> <u>\$ 2,944,472</u>

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for outstanding bonds for governmental activities are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 739,157	\$ 76,314	\$ 815,471
2026	755,548	59,177	814,725
2027	709,537	41,566	751,103
2028	490,000	23,481	513,481
2029	250,230	4,734	254,964
	<u>\$ 2,944,472</u>	<u>\$ 205,272</u>	<u>\$ 3,149,744</u>

The Village entered into a lease for EMS equipment effective November 15, 2023 and terminating on November 15, 2032, with the option to purchase the equipment at the end of the lease for \$1. Annual payments on the lease including principal and interest are \$190,102. The discount rate used to determine the lease liability is 4.58% based on the Village’s incremental borrowing rate. Lease expense for the year ended September 30, 2024 was as follows:

Lease expense: Equipment	\$ 149,802
Interest on lease liability	68,671
Variable lease expense	-
	<u>\$ 218,473</u>

Future minimum lease payments for this lease are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	\$ 126,998	\$ 63,104	\$ 190,102
2026	132,819	57,283	190,102
2027	138,908	51,194	190,102
2028	145,275	44,826	190,101
2029	151,935	38,167	190,102
2030	158,900	31,202	190,102
2031	166,184	23,918	190,102
2032	173,802	16,300	190,102
2033	181,769	8,332	190,101
	<u>\$ 1,376,590</u>	<u>\$ 334,326</u>	<u>\$ 1,710,916</u>

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of changes in business-type activities long-term debt for the year ended September 30, 2024:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities					
Bonds payable					
Series 2012	\$ 1,156,705	\$ -	\$ (293,328)	\$ 863,377	\$ 299,990
Direct borrowings:					
State revolving fund loans					
2006	1,255,595	-	(301,217)	954,378	309,518
2012	51,850,903	-	(3,420,471)	48,430,432	3,506,538
Compensated absences	126,401	100,142	(89,318)	137,225	49,429
Net pension liability	771,322	400,569	(363,500)	808,391	-
Total OPEB liability	17,806	10,228	(1,825)	26,209	-
Total governmental activities	<u>\$ 55,178,732</u>	<u>\$ 510,939</u>	<u>\$ (4,469,659)</u>	<u>\$ 51,220,012</u>	<u>\$ 4,165,475</u>

Long-term debt of the business-type activities at September 30, 2024 is composed of the following bonds payable:

**Business-Type
Activities**

Capital Improvement Refunding Revenue Bond, Series 2012

The Village issued bonds in the amount of \$3,931,877 to refund \$2,492,276 of outstanding Special Assessment Improvement Bonds, Series 2006, \$104,288 of outstanding Public Improvement Revenue Bonds, Series 2007, and \$1,175,198 of outstanding Capital Improvement Revenue Bonds, Series 2009, plus accrued interest and issuance costs. Principal and interest at 2.21% is payable semi-annually on December 1 and June 1 through June 2027. The bonds are secured by, and payable from, the Village's portion of the one-cent governmental infrastructure surtax.

\$ 863,377

2006 State Revolving Fund Loan Program

The Village entered into a loan agreement with the State Department of Environmental Protection Clean Water Revolving Fund Loan program to borrow funds to finance the engineering and design of a wastewater collection system in the amount of \$5,219,564 (including capitalized interest and service fees). The combined interest and grant allocation assessment for this agreement is fixed as 2.92%. Principal and interest payments in the amount of \$166,769 are payable semi-annually on January 15 and July 15 through July 15, 2027. The loan is secured by assessments and annual revenues derived from the operation of the sewer system.

954,378

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

2012 State Revolving Fund Loan Program

The Village entered into a loan agreement with the State Department of Environmental Protection Clean Water State Revolving Fund program to borrow funds to finance the design and construction of a wastewater collection system. As of September 30, 2013, the approved loan amount was \$47,799,014, including capitalized interest, and \$22,502,437 had been borrowed to date. The combined interest and grant allocation assessment for this agreement is 2.33%. Payments began June 15, 2016, and semi-annually thereafter on December 15 and June 15, maturing July 15, 2036. The loan is secured by assessments and annual revenues derived from the operation of the sewer system.

48,430,432
\$ 50,248,187

The annual requirements to amortize the outstanding debt of the business-type activities as of September 30, 2024 is as follows:

Bonds

Year Ending September 30,	Principal	Interest	Total
2025	\$ 299,990	\$ 18,921	\$ 318,911
2026	306,591	12,288	318,879
2027	256,796	5,542	262,338
	\$ 863,377	\$ 36,751	\$ 900,128

Notes Payable from Direct Borrowings

Year Ending September 30,	Principal	Interest	Total
2025	\$ 3,816,056	\$ 1,216,237	\$ 5,032,293
2026	3,912,852	1,119,442	5,032,294
2027	4,012,137	1,020,156	5,032,293
2028	3,778,159	920,596	4,698,755
2029	3,873,368	825,387	4,698,755
2030-2034	20,882,485	2,611,473	23,493,958
2035-2036	9,109,753	287,759	9,397,512
	\$ 49,384,810	\$ 8,001,050	\$ 57,385,860

In the event of default on the Series 2012 and Series 2013 bonds payable, the lender may declare the principal amount and all interest outstanding to be immediately due and payable. Additionally, the purchaser may sue to protect and enforce any and all rights, including the right to specific performance, existing under the laws of the State of Florida.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

In the event of default on the State Revolving Funds Loan Program notes, remedies include the following:

- By mandamus or other proceeding at law or in equity, cause to establish rates and collect fees and charges for use of the sewer system, and to require the Village to fulfill the agreements.
- By action or suit in equity, require the Village to account for all moneys received from the lender or from the ownership of the sewer system and to account for the receipt, use, application, or disposition of the pledged revenues.
- By action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the lender.
- By applying to a court of competent jurisdiction, cause to appoint a receiver to manage the sewer system, establish and collect fees and charges, and apply the revenues to the reduction of the obligations under this agreement.
- By certifying to the Auditor General and the Chief Financial Officer delinquency on loan repayments, the lender may intercept the delinquent amount plus a penalty from any unobligated funds due to the Village under any revenue or tax sharing fund established by the State, except as otherwise provided by the State Constitution. The Lender may impose a penalty in an amount not to exceed an interest rate of 18 percent per annum on the amount due in addition to charging the cost to handle and process the debt. Penalty interest shall accrue on any amount due and payable beginning on the 30th day following the date upon which payment is due.
- By notifying financial market credit rating agencies and potential creditors.
- By suing for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees.
- By accelerating the repayment schedule or increasing the financing rate on the unpaid principal of the loan to as much as 1.667 times the financing rate.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – FUND BALANCE

Fund balance as of September 30, 2024 consists of the following:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Non-spendable				
Prepays	\$ 176,085	\$ -	\$ 41,757	\$ 217,842
Deposits	110	-	-	110
Total non-spendable	<u>176,195</u>	<u>-</u>	<u>41,757</u>	<u>217,952</u>
Restricted				
Police training	72,504	-	-	72,504
Capital projects	-	3,461,632	-	3,461,632
Transportation	-	-	40,511	40,511
Building fund	-	-	835,241	835,241
Total restricted	<u>72,504</u>	<u>3,461,632</u>	<u>875,752</u>	<u>4,409,888</u>
Committed				
Landscape mitigation	898,009	-	-	898,009
Affordable housing	-	-	1,485,776	1,485,776
Impact fees – transportation	-	786,756	-	786,756
Impact fees – fire rescue	-	602,786	-	602,786
Impact fees – parks and rec	-	35,823	-	35,823
Solid waste projects and operations	-	-	19,944	19,944
Total committed	<u>898,009</u>	<u>1,425,365</u>	<u>1,505,720</u>	<u>3,829,094</u>
Assigned				
Hurricane response	7,097,666	-	-	7,097,666
HMGP projects	-	3,880,500	-	3,880,500
Total assigned	<u>7,097,666</u>	<u>3,880,500</u>	<u>-</u>	<u>10,978,166</u>
Unassigned	<u>6,176,431</u>	<u>-</u>	<u>-</u>	<u>6,176,431</u>
Total fund balance	<u>\$ 14,420,805</u>	<u>\$ 8,767,497</u>	<u>\$ 2,423,229</u>	<u>\$ 25,611,531</u>

NOTE 9 – EMPLOYEE BENEFIT PLANS

Defined Contribution Plans:

Islamorada, Village of Islands' Money Purchase Plan is a defined contribution plan that was established by the Village and is administered by Nationwide Retirement Solutions, Inc. to provide benefits at retirement for certain Village employees who did not convert to the Florida Retirement System (FRS) when it became available in January 2016. New enrollments into this plan are not permissible; therefore, participant numbers and contribution amounts decline as employees in the plan leave employment with the Village. Plan revisions and contribution requirements are established and may be amended by the Village Council. Effective October 1, 2011, the Village Council agreed that the Village would make 4% employer contributions to the plan for non-fire rescue personnel and the term of vesting for new participants was increased to two years from anniversary date. For the year ended September 30, 2024, the Village contributed \$11,337 to this plan. Plan members do not make contributions to the plan.

The Village offers its employees two optional deferred compensation plans in accordance with Internal Revenue Code Section 457 – one through Nationwide Retirement Solutions, Inc., and another through Plan Member Services.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

Under these provisions, all assets and income of the plan are held in trust for the exclusive benefit of participants. Accordingly, the assets and liabilities of the plan are not reported within the Village's financial statements.

Defined Benefit Plans – Florida Retirement System:

Plan Description

Employees of the Village are provided with pensions through the Florida Retirement System which is administered by the Florida Department of Management Services, Division of Retirement.

The State of Florida issues a publicly available annual comprehensive financial report that can be obtained at <https://www.myfloridacfo.com/transparency/state-financial-reports/FL-ACFR>.

Under this system, there are two defined benefit pension plans: The Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program:

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes.
- The Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes.

Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA").

As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating village or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, *Florida Administrative Code*. Amendments to the law can be made only by an act of the Florida State Legislature.

Benefits Provided

The FRS provides retirees a lifetime pension benefit with joint and survivor payment options. Benefits under FRS are computed on the basis of age and/or years of service, average final compensation and service credit. Credit for each year of service is expressed as a percentage of the average final compensation.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

If first employed prior to July 1, 2011: Normal retirement age for “regular” employees is 62 or 30 years of service and vesting occurs after 6 years of creditable service. Normal retirement age for “special risk” employees is 55 or 25 years of service and vesting occurs after 6 years of creditable service. The average final compensation is the average of the five highest fiscal years’ earnings.

If first employed on or after July 1, 2011: Normal retirement age for “regular” employees is 65 or 33 years of service and vesting occurs after 8 years of creditable service. Normal retirement age for “special risk” employees is 60 or 30 years of service and vesting occurs after 8 years of creditable service. The average final compensation is the average of the eight highest fiscal years’ earnings.

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Under the HIS Plan, the benefit is a monthly payment to assist retirees in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree must provide proof of eligible health insurance coverage, which can include Medicare.

Contributions Required and Made:

Per Chapter 121, Florida Statutes, contribution requirements of the active employees and the participating employers are established and may be amended by the Florida Department of Management Services, Division of Retirement. Effective July 1, 2011, both employee and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The uniform rates are based on the class an employee is placed into which requires employees to contribute 3% and employers to contribute a specified percentage based on class. The Village’s contractually required contribution rate for the year ended September 30, 2024, ranged from 13.57% – 13.63% for regular employees; 34.52% for senior management; 32.67% – 32.79% for special risk employees; 58.68% for elected officers; and 21.13% for employees in the DROP Program of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Village were \$1,802,896 for the year ended September 30, 2024, and approximated 19.8% of covered payroll. The HIS Program is funded by required contributions of 2.00% and is included in the contribution rates noted above.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At September 30, 2024, the Village reported a liability of \$13,542,529 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024 for FRS and HIS. The Village’s proportion of the net pension liability was based on a long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Village’s proportion was 0.026936552% for FRS and 0.020813340% for HIS which was consistent with its proportion measured in the previous year.

For the fiscal year ended September 30, 2024, the Village recognized a pension expense of \$1,906,023 for both plans. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,052,733	\$ -	\$ 30,147	\$ 5,995
Assumption changes	1,428,201	-	55,256	369,629
Net difference between projected and actual earnings on pension plan investments	-	692,589	-	1,129
Changes in proportion and differences between pension plan contributions and proportionate share of contributions	261,590	48,862	142,890	49,437
Pension plan contributions subsequent to the measurement date	431,053	-	49,892	-
Total	<u>\$ 3,173,577</u>	<u>\$ 741,451</u>	<u>\$ 278,185</u>	<u>\$ 426,190</u>

Total deferred outflows were \$3,451,762 and total deferred inflows were \$1,167,641 as of September 30, 2024. \$431,053 (FRS) and \$49,892 (HIS) were reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

FRS		HIS	
Year ended September 30,	Amount	Year ended September 30,	Amount
2025	\$ 369,720	2025	\$ (31,458)
2026	369,720	2026	(31,458)
2027	369,720	2027	(31,458)
2028	369,720	2028	(31,458)
2029	369,720	2029	(31,458)
Thereafter	152,473	Thereafter	(40,607)
Total	\$ 2,001,073	Total	\$ (197,897)

Actuarial Assumptions:

The total pension liability in the July 1, 2024 actuarial valuation for FRS and HIS (June 30, 2024 measurement date for both) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 percent, including inflation
Investment rate of return	6.70 percent, including inflation at 2.40%

Mortality assumptions for the FRS pension plan were based on the PUB-2010 base table, projected generationally with Scale MP-2021, and mortality assumptions for the HIS program were based on the Generational PUB-2010 with Projection Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation for FRS were based on the results of an actuarial experience study performed for the period July 1, 2018 – June 30, 2023. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that Plan, but were based on certain results of the most recent experience study for the FRS Plan.

The long-term expected rate of return on pension plan investments consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.20%; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2024 by the FRS Actuarial Assumptions Conference. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

Asset Class	Target Allocation (1)	Annual Arithmetic Return
Cash	1.0%	3.3%
Fixed income	29.0%	5.7%
Global equity	45.0%	8.6%
Real equity	12.0%	8.1%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.6%
Total	100.0%	

Discount Rates:

The discount rate used to measure the total FRS pension liability was 6.70%. The HIS rate increased from 3.65% to 3.93% in the most recent actuarial study. The HIS rate is based on the Bond Buyer General Obligation 20–Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Actuarial Assumptions:

The following changes in actuarial assumptions occurred in 2024 for HIS:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its October 2024 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates. The previous rate was 3.65%.

Sensitivity of the Village’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the Village’s proportionate share of the FRS net pension liability calculated using the discount rate of 6.70%, as well as what the Village’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percentage–point lower (5.70 percent) or 1–percentage–point higher (7.70 percent) than the current rate:

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

	1% Decrease 5.70%	Current Discount Rate 6.70%	1% Increase 7.70%
Village's proportionate share of the net pension liability	\$ 18,328,987	\$ 10,420,325	\$ 3,795,143

The following presents the Village's proportionate share of the HIS net pension liability calculated using the discount rate of 3.93%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
Village's proportionate share of the net pension liability	\$ 3,554,228	\$ 3,122,204	\$ 2,763,555

Pension Plan Fiduciary Net Position

The Village's proportion of net position has been determined on the same basis of each Plan. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of Florida annual comprehensive financial report.

Payables to the Pension Plan:

At September 30, 2024, the Village reported a payable in the amount of \$48,591 for outstanding contributions to the pension plan required for the fiscal year ended September 30, 2024.

FRS Investment Plan:

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Village has employees that participate in the Investment Plan. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the plan. The Investment Plan is reported in the SBA's annual financial statements.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Retirement benefits are based upon the value of the member's account upon retirement. The Investment Plan is funded with the same employer and employee contribution rates that are based on the salary and membership class as the FRS defined benefit plan. The Investment Plan member directs the investment from the options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for the FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided. The member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension, or remain in the Investment Plan and rely on that account balance for retirement income.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description:

The Village provides healthcare benefits through a single-employer defined benefit plan (the “Plan”) administered by the Village. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the Village may continue to participate in the Village’s self-funded health and hospitalization plans for medical and prescription drug coverage. The Village subsidizes the premium rates paid by retirees by allowing them to participate in the plans at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The Plan does not issue a stand-alone financial report, but a valuation report is prepared by an actuary in accordance with Governmental Accounting Standards Board Statement No. 75.

The results of this valuation were based on a measurement date of September 30, 2023 and are rolled forward to the fiscal year ending September 30, 2024.

Employees Covered by the Benefit Terms:

At September 30, 2022, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Retirees and beneficiaries	2
Inactive, nonretired members	–
Active plan members	<u>112</u>
Total	<u><u>114</u></u>

**ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Benefits Provided:

A retired employee and his or her spouse and eligible dependents are eligible to continue health insurance identical to active employees if they meet the eligibility for retirement under the applicable retirement plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents. At age 65, Medicare becomes the primary insurance.

Actuarial Assumptions:

The Village's total OPEB liability was determined by an actuarial valuation as of September 30, 2022, with a measurement date of September 30, 2023. The measurement period for the OPEB expense was October 1, 2022 to September 30, 2023, and the reporting period is October 1, 2023 through September 30, 2024. The Village's total OPEB liability was measured based on the following assumptions:

Inflation rate	2.50%
Salary increase rate(s)	Varies by service
Discount rate	4.87%
Initial trend rate	7.25%
Ultimate trend rate	4.00%
Years to ultimate	52

All mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. Rates are based on those outlined in Milliman's July 1, 2023, Florida Retirement System (FRS) valuation report.

Mortality – Active Healthy Lives: For female (non-special risk) lives, the Headcount-weighted PubG-2010 female below-median income employee was used. For male (non-special risk) lives, the Headcount-weighted PubG-2010 male below-median income employee table, set back one year, was used. For both male and female special risk lives, the PubS.H-2010 (Below Median) employee, set forward one year was used.

Mortality – Inactive Healthy Lives: For female (non-special risk) lives, the Headcount-weighted PubG-2010 female below-median income healthy retiree table was used. For male (non-special risk) lives, the Headcount-weighted PubG-2010 male below-median income healthy retiree, set back one year, was used. For female special risk lives, the PubS.H-2010 for Healthy Retirees table, set forward one year was used. For male special risk lives, the PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year was used.

Mortality – Disabled Lives: For female (non-special risk) lives, Headcount-weighted PubG-2010 female disabled retiree, set forward 3 years, without mortality improvement projection was used. For male (non-special risk) lives, Headcount-weighted PubG-2010 male disabled retiree, set forward 3 years, without mortality improvement projection was used. For both male and female special risk lives, the 80% PubG.H-2010 disabled retiree and 20% PubS.H-2010 disabled retiree was used.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Discount Rate:

Given the Village’s decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.87%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor’s Ratings Services, Aa2 by Moody’s or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Changes in Actuarial Assumptions:

Changes in assumptions reflect a change in the discount rate from 4.77% for the reporting period ended September 30, 2023, to 4.87% for the reporting period ended September 30, 2024.

Changes in the Total OPEB Liability of the Village:

The changes in the total OPEB liability of the Village for the year ended September 30, 2024 were as follows:

	Total OPEB Liability
Balances at September 30, 2023	\$ 194,522
Changes for the year:	
Service cost	17,413
Interest	9,798
Differences between expected and actual	-
Changes on assumptions	(1,214)
Benefit payments	(13,219)
Net change	12,778
Balances at September 30, 2024	\$ 207,300

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the Village, as well as what the Village’s total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 3.87%	Current Discount Rate 4.87%	1% Increase 5.87%
Total OPEB liability	\$ 219,494	\$ 207,300	\$ 195,345

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the total OPEB liability of the Village, as well as what the Village’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rate:

	1% Decrease 3.00% – 6.25%	Current Healthcare Cost Trend Rate 4.00% – 7.25%	1% Increase 5.00% – 8.25%
Total OPEB liability	\$ 183,624	\$ 207,300	\$ 235,701

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources:

For the year ended September 30, 2024, the Village recognized OPEB expense of \$28,418.

On September 30, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,131	\$ 6,992
Changes in assumptions and other inputs	24,364	83,754
Village contributions subsequent to the measurement date	16,877	-
Total	\$ 81,372	\$ 90,746

The deferred outflows of resources related to the total OPEB liability, totaling \$16,877 resulting from benefits paid subsequent to the measurement date, will be recognized as a reduction of the total OPEB liability in the fiscal year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Year ended September 30, Amount
2025	\$ (3,492)
2026	(2,300)
2027	(2,928)
2028	(3,608)
2029	(7,126)
Thereafter	(6,797)
Total	\$ (26,251)

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy:

Currently, the Village's OPEB benefits are unfunded. There is no separate Trust Fund or equivalent arrangement into which the Village would make contributions to advance-fund the obligation, as it does for its pension plans. Therefore, the ultimate subsidies which are provided over time are financed directly by general assets of the Village, which are invested according to its investment policy. For the fiscal year ended September 30, 2024, the Village did not provide contributions to the OPEB plan.

NOTE 11 – RISK MANAGEMENT AND INSURANCE

The Village 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 commercial insurance is carried. Specifically, the Village purchases commercial insurance for property, medical benefits, workers' compensation, general liability, automobile liability, errors and omissions, and directors and officers liability. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. The Village is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$100,000 to \$200,000 for all claims relating to the same incident. There were no settlements that exceeded insurance coverage in the last three years.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Contingencies:

There are various claims and legal actions pending against the Village for which no provision has been made in the financial statements. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, based the advice of the Village Attorney, the resolution of these matters are not expected to have a material adverse effect on the financial condition of the Village.

Agreement for Police Services:

The Village has had contracts with the Monroe County Sheriff's Office for the provision of professional police services since incorporation. On August 8, 2019, the Village Council adopted Resolution No. 19-08-60 to approve a five-year contract with the Monroe County Sheriff's Office and the Monroe County Board of County Commissioners for police services from October 1, 2019 through September 30, 2024. Costs for local police services under this contract for the year ended September 30, 2024, were \$2,689,953.

Agreement for Solid Waste Collection Services:

On November 14, 2013, the Village entered into a contract with Advanced Disposal Services Solid Waste Southeast, Inc. to provide residential and commercial solid waste, yard waste and recycling collection and disposal services for the period from January 1, 2014 through December 31, 2023.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Effective January 1, 2024 the Village entered into a contract with Island Disposal Company for similar services from January 1, 2024 through December 31, 2033. Combined costs for solid waste, yard waste and recycling collection and disposal services under these contract for the year ended September 30, 2024, were \$2,214,449.

Construction Commitments:

As of September 30, 2024, open construction commitments are as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed to Date</u>	<u>Balance to Complete</u>
Green Turtle Hammock	\$ 1,704,868	\$ 888,528	\$ 816,340
Canal #147 Restoration	1,866,000	35,570	1,830,430
	<u>\$ 3,570,868</u>	<u>\$ 924,098</u>	<u>\$ 2,646,770</u>

NOTE 13 – SUBSEQUENT EVENTS

The Village has evaluated subsequent events through May 12, 2025. There are no events that have a significant financial impact on the Village.

REQUIRED SUPPLEMENTARY INFORMATION

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Budget
	Original	Final		
Revenues				
Taxes				
Ad valorem	\$ 15,701,300	\$ 15,812,397	\$ 15,812,483	\$ 86
Communication services tax	450,000	391,500	391,541	41
Permits, fees and assessments				
Franchise fees	800,000	993,700	849,068	(144,632)
Building permits	572,500	540,290	540,724	434
Intergovernmental				
Local government one-half cent sales tax	1,735,000	1,709,700	1,709,666	(34)
State revenue sharing	52,000	44,500	44,963	463
Other	842,800	1,393,969	1,213,113	(180,856)
Charges for services	1,229,500	1,167,319	1,173,648	6,329
Fines and forfeitures	205,000	134,000	133,256	(744)
Interest	150,000	821,370	821,369	(1)
Miscellaneous revenues	66,400	109,784	74,757	(35,027)
Total revenues	<u>21,804,500</u>	<u>23,118,529</u>	<u>22,764,588</u>	<u>(353,941)</u>
Expenditures				
General government				
Legislative				
Personnel services	64,600	64,600	64,590	10
Operating	565,000	565,000	370,238	194,762
Total legislative	<u>629,600</u>	<u>629,600</u>	<u>434,828</u>	<u>194,772</u>
Village manager/Village clerk				
Personnel services	995,300	977,580	798,351	179,229
Operating	411,100	429,090	363,969	65,121
Total Village manager/Village clerk	<u>1,406,400</u>	<u>1,406,670</u>	<u>1,162,320</u>	<u>244,350</u>
Finance and administrative/IT				
Personnel services	1,255,300	1,241,850	1,264,427	(22,577)
Operating	1,076,000	1,085,242	1,105,691	(20,449)
Total finance and administrative/IT	<u>2,331,300</u>	<u>2,327,092</u>	<u>2,370,118</u>	<u>(43,026)</u>
Legal				
Personnel services	-	-	-	-
Operating	630,500	830,470	910,799	(80,329)
Total legal	<u>630,500</u>	<u>830,470</u>	<u>910,799</u>	<u>(80,329)</u>
Planning and zoning				
Personnel services	1,398,000	1,366,365	1,078,557	287,808
Operating	215,300	196,064	177,633	18,431
Total planning and zoning	<u>1,613,300</u>	<u>1,562,429</u>	<u>1,256,190</u>	<u>306,239</u>
Total general government	<u>6,611,100</u>	<u>6,756,261</u>	<u>6,134,255</u>	<u>622,006</u>

(Continued)

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Budget
	Original	Final		
Expenditures (Continued)				
Public safety				
Law enforcement				
Personnel services	110,200	101,651	73,328	28,323
Operating	2,880,000	2,888,549	2,798,834	89,715
Total law enforcement	<u>2,990,200</u>	<u>2,990,200</u>	<u>2,872,162</u>	<u>118,038</u>
Fire control and EMS				
Personnel services	6,017,400	6,004,600	6,124,447	(119,847)
Operating	1,066,500	1,054,580	1,042,787	11,793
Total fire control and EMS	<u>7,083,900</u>	<u>7,059,180</u>	<u>7,167,234</u>	<u>(108,054)</u>
Total public safety	<u>10,074,100</u>	<u>10,049,380</u>	<u>10,039,396</u>	<u>9,984</u>
Transportation				
Road and street facilities				
Personnel services	1,123,400	1,066,611	-	1,066,611
Operating	(484,300)	(735,606)	547,423	(1,283,029)
Total road and street facilities	<u>639,100</u>	<u>331,005</u>	<u>547,423</u>	<u>(216,418)</u>
Fills				
Personnel services	175,000	201,291	206,892	(5,601)
Operating	-	-	-	-
Total fills	<u>175,000</u>	<u>201,291</u>	<u>206,892</u>	<u>(5,601)</u>
Total transportation	<u>814,100</u>	<u>532,296</u>	<u>754,315</u>	<u>(222,019)</u>
Culture and recreation				
Personnel services	1,761,000	1,628,000	1,649,070	(21,070)
Operating	1,259,600	1,117,050	1,112,798	4,252
Total culture and recreation	<u>3,020,600</u>	<u>2,745,050</u>	<u>2,761,868</u>	<u>(16,818)</u>
Total expenditures	<u>20,519,900</u>	<u>20,082,987</u>	<u>19,689,834</u>	<u>393,153</u>
Excess of revenues over expenditures	<u>1,284,600</u>	<u>3,035,542</u>	<u>3,074,754</u>	<u>39,212</u>
Other financing sources (uses)				
Transfers in	84,000	84,000	84,000	-
Transfers out	(1,563,200)	(3,063,200)	(2,880,719)	182,481
Total other financing sources (uses)	<u>(1,479,200)</u>	<u>(2,979,200)</u>	<u>(2,796,719)</u>	<u>182,481</u>
Change in fund balance	(194,600)	56,342	278,035	221,693
Fund balance, beginning of year	<u>14,142,770</u>	<u>14,142,770</u>	<u>14,142,770</u>	<u>-</u>
Fund balance, end of year	<u>\$ 13,948,170</u>	<u>\$ 14,199,112</u>	<u>\$ 14,420,805</u>	<u>\$ 221,693</u>

NOTE 1 – BUDGET BASIS

The budget is presented on a basis consistent with generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN YEARS

Reporting period ending Measurement date	9/30/2015 6/30/2015	9/30/2016 6/30/2016	9/30/2017 6/30/2017	9/30/2018 6/30/2018	9/30/2019 6/30/2019	9/30/2020 6/30/2020	9/30/2021 6/30/2021	9/30/2022 6/30/2022	9/30/2023 6/30/2023	9/30/2024 6/30/2024
Village's proportion of the FRS net pension liability	0.013256768%	0.017544370%	0.023214160%	0.025116810%	0.024276530%	0.025374610%	0.026123440%	0.026524690%	0.027084693%	0.026936552%
Village's proportionate share of the FRS pension liability	\$ 1,712,289	\$ 4,429,967	\$ 6,866,593	\$ 7,565,313	\$ 8,360,269	\$ 10,997,730	\$ 1,973,329	\$ 9,869,315	\$ 10,792,393	\$ 10,420,325
Village's covered employee payroll	\$ 2,042,187	\$ 3,775,204	\$ 5,594,675	\$ 5,592,650	\$ 6,432,631	\$ 6,078,670	\$ 7,174,156	\$ 7,578,316	\$ 8,178,621	\$ 9,091,797
Village's proportionate share of the FRS pension liability as a percentage of its covered employee payroll	83.85%	117.34%	122.73%	135.27%	129.97%	180.92%	27.51%	130.23%	131.96%	114.61%
FRS plan fiduciary net position as a percentage of the FRS total pension liability	92.00%	84.88%	84.88%	84.88%	84.88%	78.85%	96.40%	82.89%	82.38%	83.70%

**ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN YEARS**

	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u>	<u>9/30/2023</u>	<u>9/30/2024</u>
Contractually required FRS contribution	\$ 323,211	\$ 510,264	\$ 643,425	\$ 675,445	\$ 776,634	\$ 882,204	\$ 1,057,418	\$ 1,174,445	\$ 1,302,948	\$ 1,525,318
FRS contributions in relation to the contractually required FRS contribution	<u>323,211</u>	<u>510,264</u>	<u>643,425</u>	<u>675,445</u>	<u>776,634</u>	<u>882,204</u>	<u>1,057,418</u>	<u>1,174,445</u>	<u>1,302,948</u>	<u>1,525,318</u>
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,042,187	\$ 3,775,204	\$ 5,594,675	\$ 5,535,131	\$ 6,282,749	\$ 6,344,680	\$ 7,464,537	\$ 7,821,456	\$ 8,178,621	\$ 9,091,797
FRS contributions as a percentage of covered employee payroll	15.83%	13.52%	11.50%	12.20%	12.36%	13.90%	14.17%	15.02%	15.93%	16.78%

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST TEN YEARS

Reporting period ending Measurement date	9/30/2015 6/30/2015	9/30/2016 6/30/2016	9/30/2017 6/30/2017	9/30/2018 6/30/2018	9/30/2019 6/30/2019	9/30/2020 6/30/2020	9/30/2021 6/30/2021	9/30/2022 6/30/2022	9/30/2023 6/30/2023	9/30/2024 6/30/2024
Village's proportion of the HIS net pension liability	0.018139398%	0.010020070%	0.017164978%	0.018139398%	0.018316840%	0.018929748%	0.020281198%	0.020737931%	0.021166568%	0.020813340%
Village's proportionate share of the HIS pension liability	\$ 1,521,304	\$ 1,167,798	\$ 1,835,359	\$ 1,919,894	\$ 2,049,471	\$ 2,311,291	\$ 2,487,794	\$ 2,196,478	\$ 3,361,533	\$ 3,122,204
Village's covered employee payroll	\$ 2,042,187	\$ 3,775,204	\$ 5,594,675	\$ 5,592,650	\$ 6,432,631	\$ 6,078,670	\$ 7,174,156	\$ 7,578,316	\$ 8,178,621	\$ 9,091,797
Village's proportionate share of the HIS pension liability as a percentage of its covered employee payroll	74.49%	30.93%	32.81%	34.33%	31.86%	38.02%	34.68%	28.98%	41.10%	34.34%
HIS plan fiduciary net position as a percentage of the HIS total pension liability	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%	3.56%	4.81%	4.12%	4.80%

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST TEN YEARS

	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2018</u>	<u>9/30/2019</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>9/30/2022</u>	<u>9/30/2023</u>	<u>9/30/2024</u>
Contractually required HIS contribution	\$ 24,034	\$ 51,359	\$ 90,842	\$ 93,348	\$ 104,315	\$ 111,575	\$ 124,028	\$ 128,359	\$ 139,237	\$ 176,212
HIS contributions in relation to the contractually required HIS contribution	<u>24,034</u>	<u>92,834</u>	<u>256,034</u>	<u>93,348</u>	<u>104,315</u>	<u>111,575</u>	<u>124,028</u>	<u>128,359</u>	<u>139,237</u>	<u>176,212</u>
HIS contribution deficiency (excess)	\$ -	\$ (41,475)	\$ (165,192)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,042,187	\$ 3,775,204	\$ 5,594,675	\$ 5,592,650	\$ 6,432,631	\$ 6,078,670	\$ 7,174,156	\$ 7,578,316	\$ 8,178,621	\$ 9,091,797
HIS contributions as a percentage of covered employee payroll	1.18%	2.46%	4.58%	1.67%	1.62%	1.84%	1.73%	1.69%	1.70%	1.94%

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – FRS/HIS

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial assumptions for both defined benefit plans (FRS and HIS) are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. This HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed for the period July 1, 2018, through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS program were based on certain results of the most recent experience study for the FRS pension plan.

The total pension liability for the FRS and HIS plan was determined by an actuarial valuation as of July 1, 2024. Both plans used the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.93% was used to determine the total pension liability for the program. Mortality assumptions for the FRS plan was based on the PUB-2010 base table, projected generationally with Scale MP-2021, and mortality assumptions for the HIS plan were based on the Generational PUB-2010 with Projection Scale MP-2021.

The following changes in actuarial assumptions occurred in 2024 for HIS:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The coverage election assumptions were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its October 2024 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates. The previous rate was 3.65%.

**ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST SEVEN YEARS (1)**

Reporting period ending Measurement date	9/30/2018 9/30/2017	9/30/2019 9/30/2018	9/30/2020 9/30/2019	9/30/2021 9/30/2020	9/30/2022 9/30/2021	9/30/2023 9/30/2022	9/30/2024 9/30/2023
Total OPEB liability							
Service cost	\$ 15,749	\$ 14,228	\$ 17,113	\$ 19,512	\$ 30,620	\$ 31,125	\$ 17,413
Interest	2,514	3,235	4,986	5,313	4,520	5,866	9,798
Changes of benefit terms	-	5,660	-	-	-	-	-
Differences between expected and actual experience	-	(272)	-	(13,852)	-	53,509	-
Changes of assumptions	(9,575)	5,300	5,501	41,961	(3,864)	(105,441)	(1,214)
Benefit payments	(438)	(476)	(841)	(908)	(1,533)	(1,640)	(13,219)
Net change in total OPEB liability	8,250	27,675	26,759	52,026	29,743	(16,581)	12,778
Total OPEB liability – Beginning	66,650	74,900	102,575	129,334	181,360	211,103	194,522
Total OPEB liability – Ending	<u>\$ 74,900</u>	<u>\$ 102,575</u>	<u>\$ 129,334</u>	<u>\$ 181,360</u>	<u>\$ 211,103</u>	<u>\$ 194,522</u>	<u>\$ 207,300</u>
Covered–employee payroll	\$ 5,335,161	\$ 5,962,289	\$ 6,259,497	\$ 6,986,038	\$ 7,376,910	\$ 8,039,037	\$ 8,440,989
Total OPEB liability as a percentage of covered–employee payroll	1.40%	1.72%	2.07%	2.60%	2.86%	2.42%	2.46%

(1) This schedule is intended to have ten years of data. Additional data will be compiled as information becomes available.

Notes to Schedule:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

2024	4.87%
2023	4.77%
2022	2.43%
2021	2.14%
2020	3.58%

Benefit Payments: The Village did not provide actual net benefits paid by the Village for the fiscal year ending on September 30, 2024. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

The OPEB benefits are unfunded and there is no separate trust fund or equivalent arrangement into which the Village would make contributions to advance–fund the obligation.

OTHER SUPPLEMENTARY INFORMATION

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2024

	Special Revenue Funds				
	Solid Waste Fund	Transportation Fund	Affordable Housing Fund	Building Fund	Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ (7,376)	\$ 8,719	\$ 1,362,311	\$ 713,313	\$ 2,076,967
Investments	64,718	-	450,625	272,883	788,226
Receivables	-	-	20,000	-	20,000
Due from other governments	1,047	90,642	-	-	91,689
Prepays	-	-	-	41,757	41,757
Total assets	<u>\$ 58,389</u>	<u>\$ 99,361</u>	<u>\$ 1,832,936</u>	<u>\$ 1,027,953</u>	<u>\$ 3,018,639</u>
Liabilities					
Accounts payable	\$ 38,063	\$ -	\$ -	\$ 129,266	\$ 167,329
Accrued expenditures	382	-	-	21,689	22,071
Due to other funds	-	58,850	-	-	58,850
Unearned revenue	-	-	347,160	-	347,160
Total liabilities	<u>38,445</u>	<u>58,850</u>	<u>347,160</u>	<u>150,955</u>	<u>595,410</u>
Fund balances					
Non-spendable	-	-	-	41,757	41,757
Restricted	-	40,511	-	835,241	875,752
Committed	19,944	-	1,485,776	-	1,505,720
Total fund balances	<u>19,944</u>	<u>40,511</u>	<u>1,485,776</u>	<u>876,998</u>	<u>2,423,229</u>
Total liabilities and fund balances	<u>\$ 58,389</u>	<u>\$ 99,361</u>	<u>\$ 1,832,936</u>	<u>\$ 1,027,953</u>	<u>\$ 3,018,639</u>

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Special Revenue Funds				Nonmajor Governmental Funds
	Solid Waste Fund	Transportation Fund	Affordable Housing Fund	Building Fund	
Revenues					
Taxes	\$ -	\$ 472,622	\$ -	\$ -	\$ 472,622
Permits, fees and assessments	2,089,401	-	210,544	1,891,242	4,191,187
Intergovernmental	-	816,706	-	180,071	996,777
Interest	4,068	-	89,162	48,316	141,546
Miscellaneous revenues	-	-	6,651	12,767	19,418
Total revenues	<u>2,093,469</u>	<u>1,289,328</u>	<u>306,357</u>	<u>2,132,396</u>	<u>5,821,550</u>
Expenditures					
Current					
Public safety	-	-	-	1,885,204	1,885,204
Physical environment	2,240,041	-	-	-	2,240,041
Transportation	-	1,350,737	-	-	1,350,737
Economic environment	-	-	13,600	-	13,600
Total expenditures	<u>2,240,041</u>	<u>1,350,737</u>	<u>13,600</u>	<u>1,885,204</u>	<u>5,489,582</u>
Excess (deficiency) of revenues over (under) expenditures	(146,572)	(61,409)	292,757	247,192	331,968
Other financing sources (uses)					
Transfers in	127,000	630,216	-	-	757,216
Transfers out	-	(528,296)	-	(84,000)	(612,296)
Total other financing sources (uses)	<u>127,000</u>	<u>101,920</u>	<u>-</u>	<u>(84,000)</u>	<u>144,920</u>
Change in fund balances	(19,572)	40,511	292,757	163,192	476,888
Fund balances, beginning of year	<u>39,516</u>	<u>-</u>	<u>1,193,019</u>	<u>713,806</u>	<u>1,946,341</u>
Fund balances, end of year	<u>\$ 19,944</u>	<u>\$ 40,511</u>	<u>\$ 1,485,776</u>	<u>\$ 876,998</u>	<u>\$ 2,423,229</u>

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SOLID WASTE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Budget
	Original	Final		
Revenues				
Permits, fees and assessments	\$ 2,082,400	\$ 2,084,679	\$ 2,089,401	\$ 4,722
Interest income	5,000	12,620	4,068	(8,552)
Total revenues	<u>2,087,400</u>	<u>2,097,299</u>	<u>2,093,469</u>	<u>(3,830)</u>
Expenditures				
Physical environment	2,214,400	2,214,400	2,240,041	(25,641)
Total expenditures	<u>2,214,400</u>	<u>2,214,400</u>	<u>2,240,041</u>	<u>(25,641)</u>
Excess of revenues over expenditures	<u>(127,000)</u>	<u>(117,101)</u>	<u>(146,572)</u>	<u>(29,471)</u>
Other financing sources (uses)				
Transfers in (out)	127,000	127,000	127,000	-
Total other financing sources (uses)	<u>127,000</u>	<u>127,000</u>	<u>127,000</u>	<u>-</u>
Change in fund balance	-	9,899	(19,572)	(29,471)
Fund balance, beginning of year	<u>39,516</u>	<u>39,516</u>	<u>39,516</u>	<u>-</u>
Fund balance, end of year	<u>\$ 39,516</u>	<u>\$ 49,415</u>	<u>\$ 19,944</u>	<u>\$ (29,471)</u>

NOTE 1 – BUDGET BASIS

The budget is presented on a basis consistent with generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
TRANSPORTATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Budget
	Original	Final		
Revenues				
Taxes	\$ 529,200	\$ 529,200	\$ 472,622	\$ (56,578)
Intergovernmental	839,300	1,051,600	816,706	(234,894)
Interest income	-	-	-	-
Total revenues	<u>1,368,500</u>	<u>1,580,800</u>	<u>1,289,328</u>	<u>(291,472)</u>
Expenditures				
Transportation	2,598,500	1,751,500	1,350,737	400,763
Total expenditures	<u>2,598,500</u>	<u>1,751,500</u>	<u>1,350,737</u>	<u>400,763</u>
Excess of revenues over expenditures	<u>(1,230,000)</u>	<u>(170,700)</u>	<u>(61,409)</u>	<u>109,291</u>
Other financing sources (uses)				
Transfers in (out)	1,175,300	1,175,300	101,920	(1,073,380)
Total other financing sources (uses)	<u>1,175,300</u>	<u>1,175,300</u>	<u>101,920</u>	<u>(1,073,380)</u>
Change in fund balance	(54,700)	1,004,600	40,511	(964,089)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ (54,700)</u>	<u>\$ 1,004,600</u>	<u>\$ 40,511</u>	<u>\$ (964,089)</u>

NOTE 1 – BUDGET BASIS

The budget is presented on a basis consistent with generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
AFFORDABLE HOUSING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Budget
	Original	Final		
Revenues				
Permits, fees and special assessments	\$ 105,000	\$ 216,040	\$ 210,544	\$ (5,496)
Interest income	15,000	89,080	89,162	82
Miscellaneous revenues	5,300	7,200	6,651	(549)
Total revenues	<u>125,300</u>	<u>312,320</u>	<u>306,357</u>	<u>(5,963)</u>
Expenditures				
Economic environment	50,000	50,000	13,600	36,400
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>13,600</u>	<u>36,400</u>
Excess of revenues over expenditures	<u>75,300</u>	<u>262,320</u>	<u>292,757</u>	<u>30,437</u>
Other financing sources (uses)				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	75,300	262,320	292,757	30,437
Fund balance, beginning of year	<u>1,193,019</u>	<u>1,193,019</u>	<u>1,193,019</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,268,319</u>	<u>\$ 1,455,339</u>	<u>\$ 1,485,776</u>	<u>\$ 30,437</u>

NOTE 1 – BUDGET BASIS

The budget is presented on a basis consistent with generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
BUILDING FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Budget
	Original	Final		
Revenues				
Permits, fees and special assessments	\$ 1,825,000	\$ 1,894,000	\$ 1,891,242	\$ (2,758)
Intergovernmental	-	180,100	180,071	(29)
Interest income	10,000	48,302	48,316	14
Miscellaneous revenues	-	12,770	12,767	(3)
Total revenues	<u>1,835,000</u>	<u>2,135,172</u>	<u>2,132,396</u>	<u>(2,776)</u>
Expenditures				
Building services	<u>1,940,000</u>	<u>2,065,087</u>	<u>1,885,204</u>	<u>179,883</u>
Total expenditures	<u>1,940,000</u>	<u>2,065,087</u>	<u>1,885,204</u>	<u>179,883</u>
Excess of revenues over expenditures	<u>(105,000)</u>	<u>70,085</u>	<u>247,192</u>	<u>177,107</u>
Other financing sources (uses)				
Transfers in (out)	<u>(84,000)</u>	<u>(84,000)</u>	<u>(84,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(84,000)</u>	<u>(84,000)</u>	<u>(84,000)</u>	<u>-</u>
Change in fund balance	<u>(189,000)</u>	<u>(13,915)</u>	<u>163,192</u>	<u>177,107</u>
Fund balance, beginning of year	<u>713,806</u>	<u>713,806</u>	<u>713,806</u>	<u>-</u>
Fund balance, end of year	<u>\$ 524,806</u>	<u>\$ 699,891</u>	<u>\$ 876,998</u>	<u>\$ 177,107</u>

NOTE 1 – BUDGET BASIS

The budget is presented on a basis consistent with generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Budget
	Original	Final		
Expenditures				
Debt service				
Principal	\$ 718,000	\$ 718,000	\$ 717,675	\$ 325
Interest	115,000	115,000	114,751	249
Total expenditures	<u>833,000</u>	<u>833,000</u>	<u>832,426</u>	<u>574</u>
Deficiency of revenues under expenditures	(833,000)	(833,000)	(832,426)	574
Other financing sources (uses)				
Transfers in (out)	833,000	833,000	832,426	(574)
Total other financing sources (uses)	<u>833,000</u>	<u>833,000</u>	<u>832,426</u>	<u>(574)</u>
Change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 1 – BUDGET BASIS

The budget is presented on a basis consistent with generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board.

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with Budget
	Original	Final		
Revenues				
Taxes	\$ 3,500,000	\$ 3,500,000	\$ 3,380,488	\$ (119,512)
Permits, fees and assessments	220,000	320,784	320,445	(339)
Intergovernmental	3,123,600	3,271,823	2,409,302	(862,521)
Interest income	70,000	461,935	461,862	(73)
Miscellaneous revenues	-	48,650	238,398	189,748
Total revenues	<u>6,913,600</u>	<u>7,603,192</u>	<u>6,810,495</u>	<u>(792,697)</u>
Expenditures				
Public safety	145,000	145,000	144,169	831
Capital outlay	7,447,900	12,255,729	11,874,116	381,613
Total expenditures	<u>7,592,900</u>	<u>12,400,729</u>	<u>12,018,285</u>	<u>382,444</u>
Excess of revenues over expenditures	<u>(679,300)</u>	<u>(4,797,537)</u>	<u>(5,207,790)</u>	<u>(410,253)</u>
Other financing sources (uses)				
Leases under GASB No. 87	-	-	1,498,021	1,498,021
Transfers in	150,000	1,819,334	1,819,373	39
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(91,510)</u>	<u>908,490</u>
Total other financing sources (uses)	<u>(850,000)</u>	<u>819,334</u>	<u>3,225,884</u>	<u>2,406,550</u>
Change in fund balance	<u>(1,529,300)</u>	<u>(3,978,203)</u>	<u>(1,981,906)</u>	<u>1,996,297</u>
Fund balance, beginning of year	<u>10,749,403</u>	<u>10,749,403</u>	<u>10,749,403</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,220,103</u>	<u>\$ 6,771,200</u>	<u>\$ 8,767,497</u>	<u>\$ 1,996,297</u>

NOTE 1 – BUDGET BASIS

The budget is presented on a basis consistent with generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board.

SINGLE AUDIT COMPLIANCE AND OTHER REPORTS

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*

Village Council and Village Management
Islamorada, Village of Islands, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Islamorada, Village of Islands, Florida (Village), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated May 12, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 Village'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2024-01.

The Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

CS&L CPAs

CS&L CPAs, P.A.

May 12, 2025
Bradenton, Florida

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

Village Council and Village Management
Islamorada, Village of Islands, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Islamorada, Village of Islands, Florida's (Village) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs and state projects for the year ended September 30, 2024. The Village's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program and State Project

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

CS&L CPAs

CS&L CPAs, P.A.

May 12, 2025
Bradenton, Florida

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Grantor/Pass-Through Entity Federal Awards/State Projects	Assistance Listing/CSFA Number	Grant Identifying Number	Expenditures
Federal Awards			
U.S. Department of Defense			
Department of the Army, Office of the Chief of Engineers Florida Keys Water Quality Program – Section 109 – Recovery	12.128	N/A	\$ 1,105,730
Total U.S. Department of Defense			<u>1,105,730</u>
U.S. Department of Homeland Security			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2020-FF-00890	602,850
Assistance to Firefighters Grant	97.083	EMW-2021-FG-07729	80,684
Indirect – Passed through the Florida Division of Emergency Management – Hurricane Irma Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	Z1090	199,521
Indirect – Passed through the Florida Division of Emergency Management Hazard Mitigation Grant Program (HMGP)	97.039	DR-4337-004-P	112,373
Total U.S. Department of Homeland Security			<u>995,428</u>
Total Expenditures of Federal Awards			<u>\$ 2,101,158</u>
State Projects			
Executive Office of the Governor			
Division of Emergency Management Emergency Management Programs	31.063	Z1090	\$ 11,085
Total Executive Office of the Governor			<u>11,085</u>
Florida Department of Environmental Protection			
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPA0422	1,450,127
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPA0711	30,502
Statewide Surface Water Restoration and Wastewater Projects	37.039	LPA0722	24,171
			<u>1,504,800</u>
Resilient Florida Programs	37.098	22PLN68	53,430
Total Florida Environmental Protection			<u>1,558,230</u>
Florida Department of Transportation			
Public Transit Service Development Program	55.012	G2M67	41,465
Total Florida Department of Transportation			<u>41,465</u>
Total Expenditures of State Financial Assistance			<u>\$ 1,610,780</u>

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Note 1 – Basis of Presentation

The schedule of expenditures of federal awards and state financial assistance includes federal and state grant activity of Islamorada, Village of Islands, Florida (Village), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits* (Uniform Guidance) and the Florida State Single Audit Act and Rules of the Auditor General of the State of Florida, Chapter 10.550. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Note 2 – De-Minimis Indirect Cost Rate

The Village chose not to use the ten percent de minimis cost rate for the fiscal year ended September 30, 2024.

Note 3 – Subrecipients

The Village did not pass federal expenditures to subrecipients during the fiscal year ended September 30, 2024.

Note 4 – State Revolving Fund Loans

The Village had the following State Revolving Fund loan balances outstanding at September 30, 2024:

Program Title	CFDA	Grant Number	Total Outstanding at September 30, 2024
State Revolving Fund	66.458	WW 882020	\$ 48,430,432
State Revolving Fund	66.458	WW 882030	\$ 954,378

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified? ___ yes x none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards and State Financial Assistance

Internal control over federal major programs or state projects:

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified? ___ yes x none reported

Type of auditor’s report issued on compliance for major federal programs and state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.550, Rules of the Auditor General? ___ yes x no

Identification of Major Federal Programs: **AL Number**

Florida Keys Water Quality Program – Section 109 – Recovery 12.128

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee pursuant to the Uniform Guidance? ___ yes x no

Identification of Major State Projects: **CSFA Number**

Statewide Surface Water Restoration and Wastewater Projects 37.039

Dollar threshold used to distinguish between Type A and Type B projects: \$483,234

ISLAMORADA, VILLAGE OF ISLANDS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Section II – Financial Statement Findings

2024-01 Budget

Criteria: In accordance with Florida Statutes, the governing body of the Village shall annually adopt and maintain an operating budget. This budget should be a balanced budget whereby there are adequate resources to fund all budgeted appropriations. In addition, expenditures should not exceed appropriations as authorized by the Council.

Condition: As reported in the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Solid Waste Fund, the Village’s solid waste fund actual expenditures exceeded final budgeted expenditures in the amount of \$25,641. The excess was funded through reserves.

Content/Cause: An invoice was received from a vendor, by the Village after the timeframe required by Florida Statutes to amend the budget. The final budget was therefore not amended to consider the additional expenditure incurred.

Effect: The Village reported expenditures in excess of budget of \$25,641 in the solid waste fund.

Recommendation: The fundamental purpose of budgetary control is to develop a financial plan and then maintain operations according to the plan. We recommend that the Village review actual expenditures in comparison with the approved budget on a regular basis, and amend the budget pursuant to Florida Statutes, to ensure that expenditures do not exceed appropriations as the budget serves as Council’s authorization to incur costs. This should include invoices expected to be received after sixty days after year end.

PRIOR YEAR FINDINGS

No matters were reported in the prior year.

Section III – Federal Program Findings and Questioned Costs

No matters were reported.

Section IV – State Project Findings and Questioned Costs

No matters were reported.

PRIOR YEAR FINDINGS

No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.

MANAGEMENT LETTER

Village Council and Village Management
Islamorada, Village of Islands, Florida

Report on the Financial Statements

We have audited the financial statements of the Islamorada, Village of Islands, Florida (Village) as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated May 12, 2025.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); 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*; Independent Auditor's Report on Compliance for Each Major Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 12, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Village 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 Village 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 Village. It is management's responsibility to monitor the Village'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. Finding 2024-01 is included in the Schedule of Findings and Questioned Costs.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did not operate within the Village's geographical boundaries during the fiscal year under audit.

Special District Component Units


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

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 fraud, waste, or abuse, that has occurred, or is likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not 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 Mayor, the Village Council and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.


CS&L CPAs, P.A.

May 12, 2025
Bradenton, Florida



Islamorada, Village of Islands

CS&L CPA's
1001 3rd Avenue West, Suite 700
Bradenton, FL 34205

Subject: Response to Financial Statement Finding 2024-01 Budget

We appreciate the opportunity to respond to the financial statement finding titled "**2024-01 Budget**" identified in the audit report dated September 30, 2024.

Finding Summary:

The audit report noted that the Village's solid waste fund actual expenditures exceeded final budgeted expenditures in the amount of \$25,641, as reported in the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual – Solid Waste Fund.

Management Response:

We acknowledge the finding and agree that improvements are necessary in the identified area. The issue arose due to a late invoice received after the timeframe allowed to amend the budget in accordance with Florida Statutes.

Corrective Action Plan:

The Village Finance Department will work with departments to pay particular attention in the future to invoices expected to be received within 60 days after year-end, to ensure this does not happen again.

Conclusion:

We are committed to maintaining strong internal controls and financial integrity. We appreciate the auditors' recommendation and will ensure that corrective measures are effectively implemented.

Sincerely,

Ron Saunders
Village Manager

INDEPENDENT ACCOUNTANT'S REPORT
ON INVESTMENT COMPLIANCE

Village Council and Village Management
Islamorada, Village of Islands, Florida

We have examined the Islamorada, Village of Islands, Florida's (Village's) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2024. Management of the Village is responsible for the Village's compliance with the specified requirements. Our responsibility is to express an opinion on the Village'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 Village complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Village complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the Village complied in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds for the year ended September 30, 2024.

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

CS&L CPAs

CS&L CPAs, P.A.

May 12, 2025
Bradenton, Florida