

TOWN OF KENNETH CITY, FLORIDA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2024



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
Town of Kenneth City, Florida

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, information on budgetary comparisons, information on pension benefits, and information on other postemployment benefits, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules 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 GAAS. In our opinion, the combining and individual fund financial statements and schedules 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 March 6, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Tampa, Florida
March 6, 2026

**TOWN OF KENNETH CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2024**

The Town of Kenneth City's (City) discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Financial Highlights

- The City's current assets increased \$47,612 (or 0.7%).
- The City's net capital assets decreased by \$83,202 (or -1.3%) due to current year additions of \$253,482, current disposals of \$7,016, and current depreciation of \$329,668.
- The City's net position increased \$856,216 (or 9.1%).
- There are no business-type activities for the City.
- Total revenues increased \$182,937 (or 3.6%).
- Total expenses increased \$132,943 (or 3.1%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to financial statements

This report contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental activities are consolidated into columns which add to a total for the Primary Government. The focus of the statement of net position (the Unrestricted Net Position) is designed to be similar to a bottom line for the City and its governmental activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The statement of activities is focused on both the gross and net cost of various activities which are provided by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

The Governmental Activities reflects the City's basic services, including general government, law enforcement, fire protection, and public works. Property, sales, and utility services taxes along with franchise fees fund most of these services.

The government-wide statement includes only the City. There are no component units identified.

**TOWN OF KENNETH CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2024**

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than (the previous model's) fund types.

The Governmental Major Fund presentation is presented on a sources and uses of liquid resources basis. This is the way the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

Governmental Funds

Governmental fund financial statements are prepared on the modified accrual basis using current financial resources measurement focus. Under modified accrual basis, revenues are recognized when they become measurable and available as net current assets. The governmental fund statements provide a detailed short-term view of the City's general government operations, and the information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The City adopts an annual budget for all funds and a budgetary comparison statement has been provided for these funds to demonstrate budgetary compliance.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17- 38 of the statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes the governmental funds original and final budget in comparison to actual expenditures and the pension liability and other post-employment benefit liability disclosures.

Infrastructure Assets

The City has elected GASB Statement No. 34 not to retroactively report infrastructure assets. Historically, a government's largest group of assets (infrastructure – roads, bridges, traffic signals, underground pipes (unless associated with a utility), have not been reported or depreciated in governmental financial statements. This new statement requires that these assets be valued and recorded within the governmental activities' column of the government-wide financial statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The City has elected to depreciate their assets over their estimated useful life.

**TOWN OF KENNETH CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2024**

Statement of Net Position

The following table reflects the condensed comparative statement of net position as of September 30, 2024 and 2023.

**Table 1
Statement of Net Position
As of September 30,**

	<u>2024</u>	<u>2023</u>
Current Assets	\$ 7,199,538	\$ 7,151,926
Capital Assets (Net of Depreciation)	6,325,560	6,408,762
Total Assets	<u>13,525,098</u>	<u>13,560,688</u>
 Deferred Outflow of Resources	 <u>803,180</u>	 <u>546,896</u>
 Total Assets and Deferred Outflow of Resources	 <u>\$ 14,328,278</u>	 <u>\$ 14,107,584</u>
 Current Liabilities	 \$ 1,397,727	 \$ 2,307,137
Compensated Absences	69,939	104,057
Net Pension Liability	2,243,466	2,074,712
Total OPEB Liability	<u>68,046</u>	<u>43,500</u>
Total Liabilities	<u>3,779,178</u>	<u>4,529,406</u>
 Deferred Inflow of Resources	 <u>322,529</u>	 <u>207,823</u>
 Net Position:		
Net Investment in Capital Assets	6,325,560	6,408,762
Restricted	4,449,072	3,510,609
Unrestricted	<u>(548,061)</u>	<u>(549,016)</u>
Total Net Position	<u>10,226,571</u>	<u>9,370,355</u>
 Total Liabilities, Deferred Inflow of Resources, and Net Position	 <u>\$ 14,328,278</u>	 <u>\$ 14,107,584</u>

For more detailed information see the statement of net position.

**TOWN OF KENNETH CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2024**

Statement of Activities

The following schedule reflects a condensed comparative statement of changes in net position as of September 30, 2024 and 2023.

**Table 2
Change in Net Position**

	2024	2023
REVENUES		
Program Revenues:		
Charges for Services	\$ 775,704	\$ 395,884
Operating Grants and Contributions	609,422	697,027
Capital Grants and Contributions	-	34,597
General Revenues:		
Taxes	3,036,704	3,456,590
Intergovernmental	237,696	-
Franchise Fees	322,962	332,255
Investment Income	186,994	29,653
Gain on Sale of Capital Assets	9,919	23,001
Insurance Recoveries	4,064	38,927
Miscellaneous	49,723	42,317
Total Revenues	5,233,188	5,050,251
EXPENSES		
Administration	1,650,737	1,518,872
Public Safety	2,375,577	2,427,022
Highway and Streets	331,043	288,365
Parks and Recreation	19,615	9,770
Total Expenses	4,376,972	4,244,029
NET INCREASE IN NET POSITION	856,216	806,222
Net Position - Beginning of Year	9,370,355	8,564,133
NET POSITION - END OF YEAR	\$ 10,226,571	\$ 9,370,355

For more detailed information see the statement of activities.

**TOWN OF KENNETH CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2024**

THE CITY FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide a detailed short-term view of the City's general government operations. The information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Unrestricted fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

As of year-end, the governmental funds reported a combined fund balance of \$5.859 million, which was an increase of \$1.014 million (or 21%) as compared to the combined fund balance at the beginning of the year. The General Fund had a increase in fund balance of \$16,629, the Capital Projects Fund had a increase in fund balance of \$656,649, and nonmajor governmental funds had a increase of \$341,169. Total revenues increased by \$202,979 (4.0%) and expenditures increased by \$274,994 (7.0%).

Budgetary Highlights

The final amount of budgeted revenues in the General Fund was \$3,350,941 and actual revenues for the fiscal year 2024 were \$3,220,038 which resulted in a unfavorable variance of \$130,903. The final amounts of budgeted expenditures in the General Fund were \$3,334,050 and the amount of actual expenditures were \$3,224,408 which resulted in a favorable variance of \$109,642.

CAPITAL ASSETS AND DEBT MANAGEMENT

Capital Assets

As of September 30, 2024, the City had \$6,325,560, (Net) invested in a variety of capital assets as compared to \$6,408,762 as of September 30, 2023. This represents a net decrease of \$83,202 or (1.3%) from the end of last year.

Increases in capital assets during the current fiscal year included purchases of equipment for \$253,482.

**Table 3
Capital Assets (Net of Depreciation) at September 30,**

	Governmental Activities	
	2024	2023
Nondepreciable Assets:		
Land	\$ 250,000	\$ 250,000
Depreciable Assets:		
Buildings and Improvements	5,538,577	5,746,347
Furniture, Fixtures, and Equipment	536,983	412,415
Total	\$ 6,325,560	\$ 6,408,762

The following reconciliation summarizes the change in capital assets, which is presented in more detail in Note 7 to the financial statements.

**TOWN OF KENNETH CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2024**

Long-Term Debt

As of September 30, 2024, the City reported accrued compensated absences of \$127,364, net pension liability of \$2,243,466, and other postemployment benefits liability of \$68,046.

ECONOMIC FACTORS

Local taxable property values increased, on average, 12%. The increase in assessed valuations was considered in developing the subsequent fiscal year's budget and is expected to positively affect ad valorem tax revenues, subject to statutory millage rate limitations and historical collection trends.

In preparing the budget for the upcoming fiscal year, management considered anticipated increases in personnel costs. Salary and wage adjustments for non-bargaining unit and non-contract personnel are based on a composite methodology that incorporates the annual Consumer Price Index (CPI) for the Southern region, along with incremental adjustments intended to maintain compensation levels comparable to similar positions within the local labor market. The actual impact on expenditures will depend on final approved adjustments and overall staffing levels.

The City has received all draws of the American Rescue Plan Act for total allocated and received amount of \$2,564,872. As of the date of evaluation, the City has utilized \$1,434,231 of the total grant. Additionally, the City expects to obligate the remainder of the funds no later than December 31, 2024, with expected disbursements of the funds to be complete by December 31, 2026.

The City has seen a increase in investment earnings due to current interest rates and economic conditions. The City continues to evaluate areas that excess funds can be invested at higher rates while still adhering to City's investment policy.

FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, rating agencies, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional information, contact the City's City Manager or City Finance Officer at 6000 54th Avenue North, Kenneth City, Florida 33709 – Telephone (727) 498-8948.

BASIC FINANCIAL STATEMENTS

**TOWN OF KENNETH CITY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	6,255,900
Investments		567,503
Accounts Receivable		80,398
Due from Other Governments		272,402
Inventory		5,312
Prepaid Items		18,023
Total Current Assets		7,199,538

Noncurrent Assets:

Capital Assets:

Non Depreciable		250,000
Depreciable, Net of Accumulated Depreciation		6,075,560
Total Noncurrent Assets		6,325,560
Total Assets		13,525,098

DEFERRED OUTFLOW OF RESOURCES

Related to Pensions		757,367
Related to OPEB		45,813
Total Deferred Outflows of Resources		803,180

LIABILITIES

Current Liabilities:

Accounts Payable		142,925
Accrued Liabilities		63,324
Unearned Revenue		1,134,053
Accrued Compensated Absences		57,425
Total Current Liabilities		1,397,727

Noncurrent Liabilities:

Accrued Compensated Absences		69,939
Net Pension Liability		2,243,466
Total OPEB Liability		68,046
Total Noncurrent Liabilities		2,381,451
Total Liabilities		3,779,178

DEFERRED INFLOW OF RESOURCES

Related to Pensions		201,015
Related to OPEB		121,514
Total Deferred Inflows of Resources		322,529

NET POSITION

Net Investment in Capital Assets		6,325,560
Restricted for:		
Infrastructure		3,973,986
Building Code Enforcement		119,959
Police Department Donations		8,866
Fire Services		126,520
Stormwater Services		214,649
Multimodal Impact Fees		5,092
Unrestricted		(548,061)
Total Net Position		\$ 10,226,571

See accompanying Notes to Financial Statements.

**TOWN OF KENNETH CITY, FLORIDA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2024**

Function / Program Activities	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
General Government	\$ 1,650,737	\$ 351,430	609,422	\$ (689,885)
Public Safety	2,375,577	424,274	-	(1,951,303)
Highways and Streets	331,043	-	-	(331,043)
Culture and Recreation	19,615	-	-	(19,615)
Total Governmental Activities	<u>\$ 4,376,972</u>	<u>\$ 775,704</u>	<u>\$ 609,422</u>	<u>(2,991,846)</u>
GENERAL REVENUES				
Taxes:				
Property Taxes				1,397,496
Sales and Use Taxes				228,965
Communication Services Tax				71,144
Public Service Tax				515,758
Local Option Tax				823,341
Intergovernmental				237,696
Franchise Fees				322,962
Investment Income				186,994
Gain on Sale of Capital Assets				9,919
Insurance Recoveries				4,064
Miscellaneous				49,723
Total General Revenues				<u>3,848,062</u>
CHANGE IN NET POSITION				856,216
Net Position - Beginning of Year				<u>9,370,355</u>
NET POSITION - END OF YEAR				<u>\$ 10,226,571</u>

See accompanying Notes to Financial Statements.

**TOWN OF KENNETH CITY, FLORIDA
BALANCE SHEET -
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024**

ASSETS	<u>General Fund</u>	<u>ARPA Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 942,348	\$ 1,166,674	\$ 3,800,255	\$ 346,623	\$ 6,255,900
Investments	567,503	-	-	-	567,503
Accounts Receivable	80,398	-	-	-	80,398
Due from Other Governments	98,671	-	173,731	-	272,402
Inventory	5,312	-	-	-	5,312
Due from Other Funds	319	-	-	491	810
Prepaid Items	8,621	9,292	-	110	18,023
	<u>\$ 1,703,172</u>	<u>\$ 1,175,966</u>	<u>\$ 3,973,986</u>	<u>\$ 347,224</u>	<u>\$ 7,200,348</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 91,864	\$ 45,006	\$ -	\$ 6,055	\$ 142,925
Accrued Liabilities	63,324	-	-	-	63,324
Due to Other Funds	491	319	-	-	810
Unearned Revenue	3,412	1,130,641	-	-	1,134,053
Total Liabilities	<u>159,091</u>	<u>1,175,966</u>	<u>-</u>	<u>6,055</u>	<u>1,341,112</u>
FUND BALANCES					
Nonspendable	13,933	9,292	-	110	23,335
Restricted:					
Infrastructure	-	-	3,973,986	-	3,973,986
Building Code Enforcement	119,959	-	-	-	119,959
Police Department Donations	8,866	-	-	-	8,866
Fire Services	-	-	-	126,410	126,410
Stormwater Services	-	-	-	214,649	214,649
Multimodal Impact Fees	5,092	-	-	-	5,092
Committed:					
PD Asset Purchases	12,139	-	-	-	12,139
DPW Asset Purchases	13,341	-	-	-	13,341
Declared Emergencies	390,448	-	-	-	390,448
Unassigned	980,303	(9,292)	-	-	971,011
Total Fund Balances	<u>1,544,081</u>	<u>-</u>	<u>3,973,986</u>	<u>341,169</u>	<u>5,859,236</u>
Total Liabilities and Fund Balances	<u>\$ 1,703,172</u>	<u>\$ 1,175,966</u>	<u>\$ 3,973,986</u>	<u>\$ 347,224</u>	<u>\$ 7,200,348</u>

See accompanying Notes to Financial Statements.

**TOWN OF KENNETH CITY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 5,859,236**

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds:

Capital Assets, Nondepreciable	250,000
Capital Assets, Depreciable - Net	6,075,560

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Net Pension Liability	(2,243,466)
Total OPEB Liability	(68,046)
Compensated Absences	(127,364)

Deferred outflows and inflows of resources related to pensions and OPEB do not have a current financial resources focus, and therefore, are not reported in the funds:

Deferred Outflows Related to Pensions	757,367
Deferred Outflows Related to OPEB	45,813
Deferred Inflows Related to Pensions	(201,015)
Deferred Inflows Related to OPEB	(121,514)
	(121,514)

Net Position of Governmental Activities \$ 10,226,571

**TOWN OF KENNETH CITY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2024**

	General Fund	ARPA Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 1,397,496	\$ -	\$ -	\$ -	\$ 1,397,496
Sales Taxes	228,965	-	-	-	228,965
Communications Services Tax	71,144	-	-	-	71,144
Franchise Fees	322,962	-	-	-	322,962
Public Service Tax	515,758	-	-	-	515,758
Local Option Tax	66,208	-	757,133	-	823,341
Special Assessments	-	-	-	653,030	653,030
Licenses and Permits	112,579	-	-	-	112,579
Intergovernmental Revenues	258,114	589,004	-	-	847,118
Fines and Forfeitures	10,095	-	-	-	10,095
Investment Income	186,994	-	-	-	186,994
Miscellaneous Revenues	49,723	-	-	-	49,723
Total Revenues	<u>3,220,038</u>	<u>589,004</u>	<u>757,133</u>	<u>653,030</u>	<u>5,219,205</u>
EXPENDITURES					
Current:					
General Government	961,614	439,963	-	19,854	1,421,431
Public Safety	1,898,434	18,913	-	282,307	2,199,654
Highways and Streets	323,689	180	-	7,706	331,575
Culture and Recreation	19,615	-	-	-	19,615
Capital Outlay	21,056	129,948	100,484	1,994	253,482
Total Expenditures	<u>3,224,408</u>	<u>589,004</u>	<u>100,484</u>	<u>311,861</u>	<u>4,225,757</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,370)	-	656,649	341,169	993,448
OTHER FINANCING SOURCES					
Insurance Recoveries	4,064	-	-	-	4,064
Sale of Capital Assets	16,935	-	-	-	16,935
Total Other Financing Sources	<u>20,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,999</u>
NET CHANGE IN FUND BALANCES	16,629	-	656,649	341,169	1,014,447
Fund Balances - Beginning of Year	<u>1,527,452</u>	<u>-</u>	<u>3,317,337</u>	<u>-</u>	<u>4,844,789</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,544,081</u>	<u>\$ -</u>	<u>\$ 3,973,986</u>	<u>\$ 341,169</u>	<u>\$ 5,859,236</u>

See accompanying Notes to Financial Statements.

**TOWN OF KENNETH CITY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2024**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,014,447

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Net Expenditures for Capital Assets that were Capitalized	253,482
Remaining Net Book Value of Capital Assets on Disposition	(7,016)
Depreciation Expense	(329,668)

Changes in net pension liability and the related deferred inflows and deferred outflows of resources reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(37,809)
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Changes in the OPEB liability and the related deferred inflows and deferred outflows of resources reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(13,913)
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Changes in accrued compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(23,307)</u>
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Change in Net Position - Governmental Activities	<u>\$ 856,216</u>
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**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Kenneth City, Florida, (City) maintains its accounting records in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. Financial Reporting Entity

The Town of Kenneth City was incorporated on May 9, 1957, under the laws of Florida Section 2, Chapter 57-1462. The City provides the following services as authorized by its charter: public safety (police and fire), highway and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, general administrative services. The legislative branch of the City is composed of a five (5) member elected City Council and Mayor. The City Council is governed by the Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The executing of such policy is the responsibility of the City Manager. In the November 2013 election, the citizens approved a new City Charter that provides for a City Manager. The first City Manager was hired in March 2014.

Governmental accounting standards require that these financial statements present the Town of Kenneth City (the primary government) and its component units as applicable. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. Based upon the application of these criteria, no component units were identified, and the accompanying financial statements include only information relative to the primary government.

B. Basis of Accounting and Measurement Focus

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay the liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days after year-end. The primary revenue sources that have been treated as susceptible to accrual by the City are property tax, sales tax, franchise fees, intergovernmental revenues, other taxes, and interest revenue. Fines, forfeitures, licenses, and permits are not susceptible to accrual because they are usually not measurable until received in cash.

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

Unearned revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

The accounting system of the City is organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*.

Government-Wide Financial Statements

The City’s government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental activities for the City.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets and long-term liabilities, along with deferred inflows of resources, deferred outflows of resources, and net position are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balance for all governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all funds in the accompanying financial statements.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The City reports the following governmental funds:

Major Funds

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

ARPA Fund - The American Rescue Plan Act (ARPA) Fund, a special revenue fund, is used to account for specific revenue sources that are restricted or committed to expenditures related to recovering from declared pandemics.

Capital Projects Fund - The Capital Projects Fund is used to account for the economic resources that are restricted for the acquisition or construction of major capital facilities and improvement projects.

Nonmajor Funds

Fire Services Fund - The Fire Services Fund, a special revenue fund, is used to account for fire services special assessments that are restricted to expenditures related to fire protection services, facilities, and related programs.

Stormwater Fund - The Stormwater Fund, a special revenue fund, is used to account for stormwater service assessments and related charges that are restricted to expenditures related to stormwater management services and capital improvements.

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Compensated Absences

It is the City's policy is to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees at some future date. Employees separating or retiring from service with the City are paid a portion of accumulated vacation and sick time, depending on years of service attained.

In the government-wide financial statements, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

In the fund financial statements, these costs are recognized when payments are made to employees or when the costs mature as a result of employee resignation or retirement.

D. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are expensed during the periods benefited.

E. Inventory

Inventory consists of expendable supplies and is valued at average cost. The cost of inventory is recorded as an expenditure when consumed rather than when purchased.

F. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers and are netted as part of the reconciliation to the government-wide presentation.

G. Government Fund Balances

In accordance with GASB Statement No. 54, Fund Balance Reporting, and Governmental Fund Type Definitions, the City classified fund balance in governmental funds as nonspendable, restricted, committed, assigned, and unassigned.

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Government Fund Balances (Continued)

Nonspendable fund balance represents amounts that cannot be spent because they are either not in spendable form (such as inventory and prepaid items) or amounts that are legally or contractually required to remain intact.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by formal vote of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that created the Committed resource. This classification also includes contractual obligations (encumbrances) to the extent that existing resources have been specifically committed to satisfy those contractual requirements.

Assigned fund balance includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as Restricted or Committed because they are supported by management's intent rather than a formal action of the City Council.

Unassigned fund balance can only be found in the General Fund; it represents the residual amount of fund balance not contained in the other classifications.

The City reserves the right to selectively spend Unassigned resources first and to defer the use of the other classified funds. If the appropriate opportunities arise, the City would typically use restricted fund balances, followed by committed, then assigned, and finally unassigned.

The City does not have a formally adopted stabilization arrangement or minimum fund balance policy.

H. Government Wide Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position is presented in three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets. This component does not include the portion of debt attributable to the unspent proceeds.

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Government Wide Net Position (Continued)

Restricted – This component consists of net position that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provision or enabling legislation.

Unrestricted – This component consists of net position that does not meet the definition of “net investment in capital assets” or “restricted”.

When both restricted and unrestricted resources are available for use, the City’s policy is to use restricted resources first, then unrestricted resources as needed.

I. Use of Estimates

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

J. Capital Assets

Capital assets, which includes land, buildings, improvements, furniture, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost, if actual cost is not available. Donated assets are recorded at acquisition value at the time received. City policy has set the capitalization threshold for reporting capital assets at \$1,000.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings, Structures, and Infrastructure	40 Years
Equipment	5 to 10 Years

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

The City defines infrastructure as the basic physical assets that allow the City to function. It includes the street system, park and recreation lands and improvements system; storm water conveyance and drainage system, buildings combined with site amenities such as parking and landscaping areas used by the City in the conduct of its business.

K. Pension

In the government-wide statement of net position, liabilities are recognized for the City's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Other Postemployment Benefits (OPEB)

In the statement of net position, liabilities are recognized for the City's total OPEB liability as determined by an actuarial review of the healthcare coverage purchased by retirees to continue participation in the City's health plan. OPEB expense is recognized immediately for changes in the OPEB liability resulting from current year service cost, interest on the total OPEB liability, and changes of benefit terms or actuarial assumptions.

M. Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has multiple items that qualify for reporting in this category including differences between expected and actual experience, changes in actuarial assumptions, and projected versus actual earnings on pension plan investments, and changes in actuarial assumptions relating to the Florida Retirement System Pension Plan, the Retiree Health Insurance Subsidy Program, and the OPEB Plan. The amounts will be recognized as increases in pension expense and OPEB expense in future years.

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Deferred Inflows of Resources (Continued)

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. The City has multiple items that qualify for reporting in this category including differences between expected and actual experience, changes in actuarial assumptions, and projected versus actual earnings on pension plan investments, and changes in actuarial assumptions relating to the Florida Retirement System Pension Plan, the Retiree Health Insurance Subsidy Program, and the OPEB Plan.

NOTE 2 CASH AND INVESTMENTS

The City maintains pooled cash accounts that contain the cash of all funds. The City's policy requires that all cash deposits and any certificates of deposit are first covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Security for Public Deposits Act as defined by Florida Statutes Section 280.02. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certain short-term investments in depositories.

Cash and Cash Equivalents

Consists of the following:

Cash in Bank - Checking	\$ 782,643
Cash in Bank - Money Market Account	<u>5,473,257</u>
Total Cash and Cash Equivalents	<u><u>\$ 6,255,900</u></u>

Investments

The City has \$567,503 invested in the Stable NAV Fund of the Florida Surplus Asset Fund Trust (FL SAFE).

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

FL SAFE is a common law trust organized in 2007 under the laws of the state of Florida. The trust is administered by Prudent Man Advisors, Inc. and an elected five-member Board of Trustees. At September 30, 2024, the City was invested in the Stable NAV Fund. At September 30, 2024, the weighted average life is not to exceed 120 days. The fund seeks, but does not guarantee, to maintain a constant NAV at \$1.00 per share. The value of the City's position in FL SAFE external investment pool is the same as the value of the pool's shares. The investment strategy of FL SAFE Stable NAV Fund is to provide safety and preservation of principal, liquidity, transparency, and competitive yields.

Investments may be subject to the following types of risk:

Credit Risk

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investment decisions are generally determined by the City Manager and is performed in accordance with investment policies adopted by the City Council complying with applicable Florida Statutes and the City Charter. The Florida SAFE Stable NAV Fund was rated AAAM by Standard & Poor's at September 30, 2024.

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Florida SAFE Stable NAV Fund had a weighted average maturity of 30.02 days as of September 30, 2024. The City did not have any investments that exceeded the required time to maturity.

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. No investments in any one issuer exceeded 5% of total investments as of September 30, 2024.

Custodial Credit Risk

For investments, Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

The City believes that the investment policies have been applied in such a way as to minimize the risks described above.

Investment Policy

The City follows the guidelines of Florida Statute 218.415, which allows certain types of investments including intergovernmental investment pools, securities and exchange commission registered money market funds, interest-bearing time deposits or savings accounts in qualified public depositories, and direct obligations of the U.S. Treasury.

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 3 RECEIVABLES

Accounts receivable as of September 30, 2024, consist of receivables in the General Fund in the amount of \$80,398, respectively. These accounts receivable are stated at net realizable value. The City considers the receivables fully collectible and has not provided an allowance for uncollectable accounts.

NOTE 4 ADVANCE REVENUE COLLECTIONS AND UNEARNED REVENUE

Funds collected in advance for business license receipts that are effective during the subsequent year are recorded as revenue in the year for which the related licenses are valid. At September 30, 2024, there was \$3,412 in advance revenue collections relating to licenses that became effective on October 1, 2024. This amount is included in unearned revenue in the accompanying financial statements. The remaining amount of \$1,130,641 as unearned revenue pertains to the advanced grant payments received from the Coronavirus State and Local Fiscal Recovery Funds.

NOTE 5 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.

The tax levy of the City is established by the City Council prior to October 1 of each year and the Pinellas County Property Appraiser incorporates the City's millage into the total tax levy, which includes the tax requirements of the county, municipalities, independent districts, and the Pinellas County School Board. The millage rate assessed by the City was 5.4373 during the fiscal year ending September 30, 2024.

All property is reassessed according to its fair market value January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of applicable Florida Statutes.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January, and 1% in the month of February. The taxes paid in March are without discount.

Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by Pinellas County.

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The City provides a single-employer, defined benefits postemployment health care plan, (the Plan), whereby retired employees are able to purchase health care benefits through the City’s health care provider. The Plan is administered by the health care provider. The Plan is currently unfunded. There is no separate trust through which benefits for retirees are funded. No assets are currently accumulated or earmarked for the Plan. All approved benefits are paid from general assets when due.

To be eligible to participate in the plan employees must have participated in the City’s group health and/or dental plan while employed.

Benefits Provided. The retired employees (including their eligible dependents) that are eligible to participate in the Plan may enroll in the plan offered by the City through the Public Risk Management of Florida. Retiree Plan participants are required to pay 100% of their respective health care insurance premiums. The City does not contribute toward this payment. The City’s overall cost of providing health care benefits is increased as a result of an implicit insurance rate subsidy resulting from retired employees being permitted to pay lower than age – adjusted premiums through the use of blended premium for both retirees and active employees.

Information Used to Determine the Net OPEB Liability

Employer’s Reporting Date	September 30, 2024
Measurement Date	September 30, 2024
Actuarial Valuation Date	October 1, 2023

Actuarial Assumptions

Discount Rate. 4.06% per annum; this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.

Salary Increases. 3.00% per annum.

Cost of Living Increases. Retiree contributions, health insurance premiums and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.

Healthcare Cost Trend Rates. Increases in healthcare costs are assumed to be 7.00% for the 2023-2024 fiscal year and graded down by 0.50% per year to 5.00% for the 2027-2028 and later fiscal years.

Age Related Morbidity. Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Information Used to Determine the Net OPEB Liability (Continued)

Actuarial Assumptions(Continued)

Implied Subsidy. Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of \$850 for the retiree and \$925 for the retiree's spouse has been assumed at age 62 for the 2023-2024 fiscal year; at other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates; the implied subsidy is assumed to disappear at age 65.

Mortality Basis. Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general employees, with full generational improvements in mortality using Scale MP-2020.

Retirement. Retirement is assumed to occur at age 62 with 10 years of service or at age 65 otherwise.

Other Decrements. Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1).

Coverage Election. 25% of eligible employees are assumed to elect medical coverage under the HMO plan until age 65 upon retirement or disability; spousal coverage is assumed in accordance with the individual's current election; retirees are assumed not to have any dependent children.

COBRA. Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.

Changes. Since the prior measurement date, the discount rate decreased from 4.91% per annum to 4.06% per annum and the implied monthly subsidy for the 2023-2024 fiscal year at age 62 was increased from \$752.50 for the retiree and \$833.12 for the retiree's spouse to \$850 for the retiree and \$925 for the retiree's spouse.

Employees Covered by Benefit Terms

As of the October 1, 2023, census, the following employees were covered by benefit terms:

Active Plan Members	17
Retirees and Beneficiaries	-
Total	<u>17</u>

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

The City's total OPEB liability was determined by an actuarial valuation as of October 1, 2023, which was rolled forward to the measurement date of September 30, 2024, with results applicable to the fiscal year ended September 30, 2024. The following table shows the City's changes in the total OPEB liability for the year ended September 30, 2024.

Balance as of September 30, 2023	\$ 43,500
Changes Due to:	
Service Cost	18,057
Expected Interest Growth	2,496
Demographic Experience	(9,909)
Benefit Payments and Refunds	(144)
Assumption Changes	<u>14,046</u>
Balance as of September 30, 2024	<u><u>\$ 68,046</u></u>

Deferred Inflow and Outflow of Resources

For the year ended September 30, 2024, the City recognized OPEB expense of \$13,913. In addition, the City reported deferred outflows and inflows of resources from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ (77,797)
Changes of Assumptions	45,813	(43,717)
	<u>\$ 45,813</u>	<u>\$ (121,514)</u>

Amounts reported as deferred outflows and inflows will be amortized and recognized as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2025	\$ (6,496)
2026	(6,496)
2027	(6,496)
2028	(6,496)
2029	(6,496)
Thereafter	(43,221)

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The following presents the total OPEB liability calculated using the current discount rate of 4.06%, along with what the total OPEB liability would be if the discount rate used was 1-percentage-point lower (3.06%) and 1-percentage-point higher (5.06%).

	Discount Rate Minus 1%	Discount Rate 4.06%	Discount Rate Plus 1%
Total OPEB Liability	\$ 76,211	\$ 68,046	\$ 60,907

Sensitivity of the Total OPEB Liability Using Alternative Healthcare Cost Trends

The following presents the total OPEB liability calculated using the current healthcare cost trend rate of 7.00% graded down to 5.00%, along with what the total OPEB liability would be if the healthcare cost trend rate used was 1-percentage-point lower and 1-percentage-point higher.

	Trend Rate Minus 1%	7% Graded Down to 5%	Trend Rate Plus 1%
Total OPEB Liability	\$ 58,056	\$ 68,046	\$ 80,111

NOTE 7 CAPITAL ASSETS

Capital assets for the year ended September 30, 2024, consisted of the following:

	Beginning Balance	Additions/ Transfers In	Disposals/ Transfers Out	Ending Balance
Nondepreciable Assets:				
Land	\$ 250,000	\$ -	\$ -	\$ 250,000
Total Nondepreciable Assets	250,000	-	-	250,000
Depreciable Assets:				
Buildings	1,770,553	-	-	1,770,553
Improvements	517,977	-	-	517,977
Infrastructure	5,738,070	-	-	5,738,070
General Government Equipment	480,207	57,177	-	537,384
Police Department Equipment	1,222,370	180,973	48,023	1,355,320
Public Works Equipment	358,772	15,332	11,724	362,380
Total Depreciable Assets	10,087,949	253,482	59,747	10,281,684
Less Accumulated Depreciation:				
Buildings	900,631	44,014	-	944,645
Improvements	93,157	19,920	-	113,077
Infrastructure	1,286,465	143,836	-	1,430,301
General Government Equipment	389,381	20,311	-	409,692
Police Department Equipment	937,067	93,029	41,007	989,089
Public Works Equipment	322,486	8,558	11,724	319,320
Total Accumulated Depreciation	3,929,187	329,668	52,731	4,206,124
Total Depreciable Assets, Net	6,158,762	(76,186)	7,016	6,075,560
Total Capital Assets, Net	\$ 6,408,762	\$ (76,186)	\$ 7,016	\$ 6,325,560

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 7 CAPITAL ASSETS (CONTINUED)

Depreciation was charged to governmental activities as follows:

General Government	\$	228,081
Public Safety		93,029
Highways and Streets		8,558
Total		\$ 329,668

NOTE 8 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and distribution of assets, errors and omissions, injuries to employees, and natural disasters. In an effort to reduce the rising costs of commercial insurance, the City purchases its insurance coverage from Public Risk Management of Florida (PRMF).

The PRMF is a public entity risk pool currently operating as a common risk management and insurance program for local municipalities. The City pays an annual premium to the PRMF for property, liability, workers' compensation and all other risks of loss including building and contents, employee and police bonds, mobile property, flood and employee accident insurance. The PRMF, through its various Trusts, establishes premium rates based on members' experience and provides insurance coverage for 32 Florida municipalities. Each Trust carries its own reinsurance coverage which operates through an internal process of recovery for large claims on behalf of each individual Trust. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City continues to carry commercial insurance for employee health and accident insurance. Effective November 1, 1999, the City established a Cafeteria Plan, within the meaning of Section 125 of the Internal Revenue Code of 1954, to provide employees of the City with a choice of receiving certain tax-free welfare benefits.

In the opinion of the City's management and legal counsel, legal claims and litigation are not anticipated to have a material impact on the financial position of the City.

NOTE 9 COMPENSATED ABSENCES

Accrued compensated absences are as follows:

	Balance October 1, 2023	Additions	Reductions	Balance September 30, 2024	Due within One Year
Accrued Compensated Absences	\$ 104,057	\$ 101,291	\$ (77,984)	\$ 127,364	\$ 57,425

Long-term liabilities of the governmental activities, which include compensated absences, are liquidated by the General Fund.

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

Defined Contribution Plan – Nonunion

The City provides pension benefits for all full-time, nonunion employees through a defined contribution noncontributory single employer plan administered by Transamerica Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate if they have attained age 20.5 and six months of service as of the beginning of the plan year, April 25.

The City contributes an amount equal to 12% of the employee's base salary each month. The City's contributions for each employee (and interest allocated to the employee's account) begin vesting with 20% at two years and increase 20% for each year thereafter and are fully vested after six years of continuous service.

City contributions for, and interests forfeited by, employees who leave employment before three years of service are used to reduce the City's current-period contribution requirement.

For the year ended September 30, 2024, contributions required and paid were \$9,501.

Defined Contribution Plan – Other

The City also provides pension benefits for its full-time salaried, management employees through a money purchase plan administered by ICMA Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment and are fully vested.

The City contributes an amount equal to 12% to 18% of the employee's base salary each month. The City's contributions for each employee (and interest allocated to the employee's account) begin vesting immediately.

For the year ended September 30, 2024, contributions required and paid were \$14,107.

Florida Retirement System

Defined Benefit Plans

The City participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability, or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The state of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Florida Retirement System (Continued)

Defined Benefit Plans (Continued)

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer 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. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan 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. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, 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.

Eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month, pursuant to Section 112.363, *Florida Statutes*. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Florida Retirement System (Continued)

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer's contribution rates attributable to the City, effective July 1, 2023, were applied to employee salaries as follows:

	<u>FRS</u>	<u>HIS</u>
Regular Class	11.51%	2.00%
Special Risk Class	30.61%	2.00%
Senior Management Service Class	32.46%	2.00%
Elected Officials	56.62%	2.00%
DROP from FRS	19.13%	2.00%

The employer's contributions for the year ended September 30, 2024, were \$287,090 to the FRS and \$19,387 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2024, the City reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2024 for FRS Pension Plan and July 1, 2024 for HIS Program. The City's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>
Net Pension Liability	\$ 1,905,154	\$ 338,312
Proportion at:		
Current Measurement Date	0.004924826%	0.002255266%
Prior Measurement Date	0.004324862%	0.002212624%
Pension Expense (Benefit)	\$ 321,340	\$ 22,942

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Florida Retirement System (Continued)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 192,472	\$ -	\$ 3,267	\$ 650
Changes in Assumptions	261,119	-	5,987	40,052
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	126,626	-	122
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	185,957	32,617	25,431	948
Employer Contributions Subsequent to Measurement Date	<u>77,892</u>	<u>-</u>	<u>5,242</u>	<u>-</u>
Total	<u>\$ 717,440</u>	<u>\$ 159,243</u>	<u>\$ 39,927</u>	<u>\$ 41,772</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2024. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>FRS</u>	<u>HIS</u>
2025	\$ 512	\$ 1,784
2026	345,634	715
2027	66,741	(3,998)
2028	39,331	(3,095)
2029	28,087	(1,850)
Thereafter	-	(643)

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Florida Retirement System (Continued)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2024. The total pension liability for both the FRS Pension Plan and the HIS Program was determined by actuarial valuations dated July 1, 2024. The individual entry age actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.40%	2.40%
Salary Increases	3.50%	3.50%
Investment Rate of Return	6.70%	N/A
Municipal Bond Rate	N/A	3.93%

Mortality assumptions for both plans were based on PUB-2010 base tables projected generationally with Scale MP-2021.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption.

The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.3%	3.3%	1.1%
Fixed Income	29.0%	5.7%	5.6%	3.9%
Global Equity	45.0%	8.6%	7.0%	18.2%
Real Estate	12.0%	8.1%	6.8%	16.6%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.6%	6.2%	8.7%
Total	<u>100.0%</u>			

Assumed Inflation - Mean	2.4%	1.5%
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**TOWN OF KENNETH CITY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Florida Retirement System (Continued)

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%, which remained the same as the rate as of June 30, 2023. The FRS 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 is essentially funded on a pay-as-you-go basis and the depletion date is considered to be immediate, a municipal bond rate of 3.93 %, which was a .28% increase from the 3.65% rate as of June 30, 2023, was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	Current			Current		
	One Percent Decrease	Discount Rate	One Percent Increase	One Percent Decrease	Discount Rate	One Percent Increase
	5.70%	6.70%	7.70%	2.93%	3.93%	4.93%
City's Proportional Share of the Net Pension Liability	\$ 3,351,100	\$ 1,905,154	\$ 693,868	\$ 385,125	\$ 338,312	\$ 299,450

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Summary

The aggregate amount of net pension liability, deferred inflows of resources, deferred outflows of resources, and pension expense for the City's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual funds in which the employee's costs are associated.

	FRS Plan	HIS Plan	Total
Net Pension Liability	\$ 1,905,154	\$ 338,312	\$ 2,243,466
Deferred Outflows of Resources	717,440	39,927	757,367
Deferred Inflows of Resources	159,243	41,772	201,015
Pension Expense	321,340	22,942	344,282

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF KENNETH CITY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,458,491	\$ 1,458,491	\$ 1,397,496	\$ (60,995)
Sales Taxes	400,000	400,000	228,965	(171,035)
Communications Service Tax	100,000	100,000	71,144	(28,856)
Franchise Fees	300,000	300,000	322,962	22,962
Public Service Tax	510,000	510,000	515,758	5,758
Local Option Tax	70,000	70,000	66,208	(3,792)
Licenses and Permits	199,000	199,000	112,579	(86,421)
Intergovernmental Revenues	267,000	267,000	258,114	(8,886)
Fines and Forfeitures	6,000	6,000	10,095	4,095
Investment Income	20,000	20,000	186,994	166,994
Miscellaneous Revenues	20,450	20,450	49,723	29,273
Total Revenues	<u>3,350,941</u>	<u>3,350,941</u>	<u>3,220,038</u>	<u>(130,903)</u>
EXPENDITURES				
Current:				
General Government	867,650	976,650	961,614	15,036
Public Safety	1,806,950	1,904,450	1,898,434	6,016
Highways and Streets	431,700	431,700	323,689	108,011
Culture and Recreation	20,250	20,250	19,615	635
Capital Outlay	1,000	1,000	21,056	(20,056)
Total Expenditures	<u>3,127,550</u>	<u>3,334,050</u>	<u>3,224,408</u>	<u>109,642</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	223,391	16,891	(4,370)	(21,261)
OTHER FINANCING SOURCES				
Insurance Recoveries	-	-	4,064	4,064
Sale of Capital Assets	-	-	16,935	16,935
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>20,999</u>	<u>20,999</u>
NET CHANGE IN FUND BALANCE	223,391	16,891	16,629	(262)
Fund Balance - Beginning of Year	<u>1,527,452</u>	<u>1,527,452</u>	<u>1,527,452</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,750,843</u>	<u>\$ 1,544,343</u>	<u>\$ 1,544,081</u>	<u>\$ (262)</u>

**TOWN OF KENNETH CITY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL – ARPA FUND
YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 435,000	\$ 620,000	\$ 589,004	\$ (30,996)
EXPENDITURES				
Current:				
General Government	-	499,000	439,963	59,037
Public Safety	-	-	18,913	(18,913)
Highways and Streets	-	-	180	(180)
Capital Outlay	-	121,000	129,948	(8,948)
Total Expenditures	-	620,000	589,004	30,996
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	435,000	-	-	-
OTHER FINANCING USES				
Transfers Out	(435,000)	-	-	-
Total Other Financing Uses	(435,000)	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED SEPTEMBER 30, 2024**

Budgetary Information: Stewardship, Compliance, and Accountability

Fiscal Year

The fiscal year of the City shall begin on the first day of October and end on the last day of September.

Submission of Budget and Budget Message

On or before the first day of August each year, the City Manager shall submit to the City Council a budget for the ensuing fiscal year and an accompanying message.

Budget Message

The City Manager's message shall explain the budget both in fiscal terms and in terms of the work programs. It shall outline the proposed financial policies of the City for the ensuing fiscal year, describe the important features of the budget, indicate any major changes from the current year in financial policies, expenditures, and revenues together with the reasons for such changes, summarize the City's debt position and include such other material as the City Manager deems desirable.

Budget

The budget shall provide a complete financial plan of all City funds and activities for the ensuing fiscal year and except as required by law or Charter, shall be in such form as the City Manager deems desirable or the City Council may require. In organizing the budget, the City Manager shall utilize the most feasible combination of expenditure classification by fund, organization unit, program, purpose or activity, and object. It shall begin with a clear general summary of its contents; shall show in detail all estimated income, indicating the proposed property tax levy, and all proposed expenditures, including debt service, for the ensuing fiscal year; and shall be so arranged as to show comparative figures for actual and estimated income and expenditures of the current fiscal year and actual income and expenditures of the preceding fiscal year. It shall indicate in separate section:

1. Proposed expenditures for current operations during the ensuing fiscal year, detailed by offices, departments, and agencies in terms of their respective work programs, and the method of financing such expenditures;
2. Proposed capital expenditures during the ensuing fiscal year, detailed by offices, departments, and agencies, when practicable, and proposed method of financing each such capital expenditure;
3. Anticipated net surplus or deficit for the ensuing fiscal year of each utility owned or operated by the City and the proposed methods of its disposition; subsidiary budgets for each such utility giving detailed income and expenditure information shall be attached as appendices to the budget.

The total of proposed expenditures shall not exceed the total of estimated income.

**TOWN OF KENNETH CITY, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED SEPTEMBER 30, 2024**

Budget Adoption

The City Council shall, by ordinance or resolution, each year adopt the budget on or before the thirtieth day of September. The ordinance or resolution adopting the annual budget shall constitute estimated revenues from various sources and appropriations specified therein for expenditures from the funds indicated. If, during the fiscal year, revenues in excess of those estimated in the budget are available for appropriation, the City Council by ordinance or resolution may make supplemental appropriations for the year up to the amount of excess.

**TOWN OF KENNETH CITY, FLORIDA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN MEASUREMENT PERIODS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.00492483%	0.00432486%	0.00418810%	0.00417089%	0.00451567%	0.00439673%	0.00443462%	0.00412110%	0.00395769%	0.00411602%
City's Proportionate Share of the Net Pension Liability	\$ 1,905,154	\$ 1,723,318	\$ 1,558,317	\$ 315,063	\$ 1,957,156	\$ 1,514,174	\$ 1,335,731	\$ 1,225,209	\$ 999,319	\$ 531,639
City's Covered Payroll	\$ 954,035	\$ 876,585	\$ 776,785	\$ 741,035	\$ 685,137	\$ 644,556	\$ 622,095	\$ 563,198	\$ 559,020	\$ 541,241
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	199.69%	196.59%	200.61%	42.52%	285.66%	234.92%	214.71%	217.54%	178.76%	98.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

* The amount presented for each fiscal year were determined as of June 30

**TOWN OF KENNETH CITY, FLORIDA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN
LAST TEN FISCAL YEARS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 287,090	\$ 221,558	\$ 191,430	\$ 158,893	\$ 150,036	\$ 136,330	\$ 133,205	\$ 106,031	\$ 104,219	\$ 92,464
Contributions in Relation to the Contractually Required Contribution	<u>287,090</u>	<u>221,558</u>	<u>191,430</u>	<u>158,893</u>	<u>150,036</u>	<u>136,330</u>	<u>133,205</u>	<u>106,031</u>	<u>104,219</u>	<u>92,464</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 972,531	\$ 903,371	\$ 821,289	\$ 741,035	\$ 685,137	\$ 644,556	\$ 622,095	\$ 563,198	\$ 559,020	\$ 541,241
Contributions as a Percentage of Covered Payroll	29.52%	24.53%	23.31%	21.44%	21.90%	21.15%	21.41%	18.83%	18.64%	17.08%

* The amount presented for each fiscal year were determined as of September 30

**TOWN OF KENNETH CITY, FLORIDA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN
LAST TEN MEASUREMENT PERIODS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.00225527%	0.00221262%	0.00211430%	0.00205158%	0.00188998%	0.00186460%	0.00191942%	0.00174039%	0.00165096%	0.00186952%
City's Proportionate Share of the Net Pension Liability	\$ 338,312	\$ 351,394	\$ 223,938	\$ 251,657	\$ 230,763	\$ 208,630	\$ 203,153	\$ 186,091	\$ 192,413	\$ 190,661
City's Covered Payroll	\$ 954,035	\$ 876,585	\$ 776,785	\$ 741,035	\$ 685,137	\$ 644,556	\$ 622,095	\$ 563,198	\$ 559,020	\$ 541,241
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	35.46%	40.09%	28.83%	33.96%	33.68%	32.37%	32.66%	33.04%	34.42%	35.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

* The amount presented for each fiscal year were determined as of June 30

**TOWN OF KENNETH CITY, FLORIDA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 19,387	\$ 15,668	\$ 13,532	\$ 12,059	\$ 10,891	\$ 10,354	\$ 10,171	\$ 8,350	\$ 9,045	\$ 7,210
Contributions in Relation to the Contractually Required Contribution	19,387	15,668	13,532	12,059	10,891	10,354	10,171	8,350	9,045	7,210
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 972,531	\$ 903,371	\$ 821,289	\$ 741,035	\$ 685,137	\$ 644,556	\$ 622,095	\$ 563,198	\$ 559,020	\$ 541,241
Contributions as a Percentage of Covered Payroll	1.99%	1.73%	1.65%	1.63%	1.59%	1.61%	1.63%	1.48%	1.62%	1.33%

* The amount presented for each fiscal year were determined as of September 30

**TOWN OF KENNETH CITY, FLORIDA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB
LIABILITY AND RELATED RATIOS – RETIREE HEALTH CARE PLAN
LAST SIX MEASUREMENT PERIODS**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Balance at Beginning of Fiscal Year	\$ 43,500	\$ 46,962	\$ 136,975	\$ 105,912	\$ 62,337	\$ 51,884
Changes Due to:						
Service Cost	18,057	4,644	6,217	29,189	24,089	8,027
Interest	2,496	2,533	6,829	3,282	1,849	2,143
Demographic Experience	(9,909)	(2,208)	(56,973)	(5,929)	(24,843)	-
Benefit Payments and Refunds	(144)	(36)	(35)	(90)	(48)	(106)
Changes in Assumptions	14,046	(8,395)	(46,051)	4,611	42,528	389
Balance at End of Fiscal Year	<u>\$ 68,046</u>	<u>\$ 43,500</u>	<u>\$ 46,962</u>	<u>\$ 136,975</u>	<u>\$ 105,912</u>	<u>\$ 62,337</u>
Covered Employee Payroll	\$1,073,443	\$512,528	\$556,529	\$ 1,009,157	\$ 821,184	\$ 740,380
Total OPEB Liability as a Percentage of Covered Payroll	6.34%	8.49%	8.44%	13.57%	12.90%	8.42%
Changes in assumptions and other inputs reflect the impact of changes in the discount rate each period. There were no changes to the benefit terms during the fiscal year. The discount rates used in each period are:	4.06%	4.91%	4.77%	2.43%	2.14%	3.58%

¹GASB requires information for 10 years but until a full 10-year trend is compiled, the City is presenting information for the years available.

SUPPLEMENTARY INFORMATION

**TOWN OF KENNETH CITY, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2024**

ASSETS	Fire Services Fund	Stormwater Services Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Cash and Cash Equivalents	\$ 128,713	\$ 217,910	\$ 346,623
Due from Other Funds	340	151	491
Prepaid Items	110	-	110
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 129,163</u>	<u>\$ 218,061</u>	<u>\$ 347,224</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 2,643	\$ 3,412	\$ 6,055
FUND BALANCES			
Nonspendable	110	-	110
Restricted:			
Fire Services	126,410	-	126,410
Stormwater Services	-	214,649	214,649
Total Fund Balances	<u>126,520</u>	<u>214,649</u>	<u>341,169</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 129,163</u>	<u>\$ 218,061</u>	<u>\$ 347,224</u>

**TOWN OF KENNETH CITY, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2024**

	<u>Fire Services Fund</u>	<u>Stormwater Services Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Special Assessments	\$ 414,179	\$ 238,851	\$ 653,030
EXPENDITURES			
Current:			
General Government	5,352	14,502	19,854
Public Safety	282,307	-	282,307
Highways and Streets	-	7,706	7,706
Capital Outlay	-	1,994	1,994
Total Expenditures	<u>287,659</u>	<u>24,202</u>	<u>311,861</u>
NET CHANGE IN FUND BALANCES	126,520	214,649	341,169
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 126,520</u></u>	<u><u>\$ 214,649</u></u>	<u><u>\$ 341,169</u></u>

TOWN OF KENNETH CITY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – FIRE SERVICES FUND
YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 400,000	\$ 400,000	\$ 414,179	\$ 14,179
EXPENDITURES				
Current:				
General Government	-	-	5,352	(5,352)
Public Safety	385,000	385,000	282,307	102,693
Total Expenditures	<u>385,000</u>	<u>385,000</u>	<u>287,659</u>	<u>97,341</u>
NET CHANGE IN FUND BALANCE	15,000	15,000	126,520	111,520
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 126,520</u>	<u>\$ 111,520</u>

**TOWN OF KENNETH CITY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – STORMWATER FUND
YEAR ENDED SEPTEMBER 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special Assessments	\$ 400,000	\$ 235,000	\$ 238,851	\$ 3,851
EXPENDITURES				
Current:				
General Government	-	10,650	14,502	(3,852)
Highways and Streets	-	8,350	7,706	644
Capital Outlay	-	2,000	1,994	6
Total Expenditures	-	21,000	24,202	(3,202)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	400,000	214,000	214,649	649
OTHER FINANCING USES				
Transfers Out	(400,000)	-	-	-
Total Other Financing Uses	(400,000)	-	-	-
NET CHANGE IN FUND BALANCE	-	214,000	214,649	649
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ 214,000	\$ 214,649	\$ 649

TOWN OF KENNETH CITY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL – CAPITAL PROJECTS FUND
YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local Option Tax	\$ 742,924	\$ 742,924	\$ 757,133	\$ 14,209
EXPENDITURES				
Capital Outlay	980,500	936,000	100,484	835,516
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(237,576)	(193,076)	656,649	849,725
OTHER FINANCING SOURCES				
Transfers In	835,000	-	-	-
Total Other Financing Sources	835,000	-	-	-
NET CHANGE IN FUND BALANCE	597,424	(193,076)	656,649	849,725
Fund Balance - Beginning of Year	3,317,337	3,317,337	3,317,337	-
FUND BALANCE - END OF YEAR	<u>\$ 3,914,761</u>	<u>\$ 3,124,261</u>	<u>\$ 3,973,986</u>	<u>\$ 849,725</u>

OTHER REPORTS



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

Honorable Mayor and City Council
Town of Kenneth City, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Kenneth City, Florida (City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 6, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

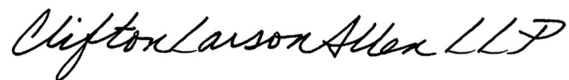
As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Kenneth City’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City’s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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



CliftonLarsonAllen LLP

Tampa, Florida
March 6, 2026

**TOWN OF KENNETH CITY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2024**

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2024-001 – Deficiencies in Internal Controls

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The City did not maintain effective internal control over financial reporting. Specifically, we noted the following deficiencies:

- Journal entries lacked supporting documentation and evidence of independent review.
- Recording of cash receipts did not reflect evidence of supervisory review.
- Bank reconciliations did not reflect evidence of supervisory review.
- Inadequate segregation of duties existed throughout the finance department.

Criteria or specific requirement: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control—Integrated Framework requires management to design and implement internal controls that provide reasonable assurance regarding the reliability of financial reporting. Effective controls include appropriate review procedures, timely reconciliations, and adequate segregation of duties to ensure transactions are properly recorded and financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP).

Effect: The deficiencies in internal control increase the risk that errors or irregularities in account balances may occur and not be prevented or detected and corrected on a timely basis, resulting in the potential for materially misstated financial information. In addition, these deficiencies contributed to delays in the preparation of the City's financial statements.

Cause: The City has experienced significant turnover in key finance positions in recent years. During this period, established internal control procedures were not consistently followed. In addition, internal controls were not sufficiently documented to support continuity of operations and to ensure that new or transitioning staff could effectively carry out required control activities.

Repeat Finding: Yes

Recommendation: We recommend the City evaluate its financial reporting processes and related internal controls to determine whether additional or enhanced controls can be implemented to provide reasonable assurance that financial statements are prepared in accordance with GAAP in a timely manner. This evaluation should include:

- Formalizing and documenting internal control procedures, including review and approval requirements.
- Ensuring timely preparation and documented review of reconciliations and journal entries.
- Assessing staffing levels and assignments to improve segregation of duties where feasible.
- Establishing clear timelines for month-end and year-end close activities.

Management should prioritize the consistent execution of these controls to strengthen the overall control environment and support reliable financial reporting.

**TOWN OF KENNETH CITY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2024**

2024-001 – Deficiencies in Internal Controls (Continued)

Views of responsible officials and planned corrective actions: There is no disagreement. The City has reviewed their current procedures to ensure adequate review of transactions and timeline for reconciliations and year-end close procedures and evaluate the number of staff assigned to various accounting functions to ensure that staffing is appropriate. The City is implementing updated processes and procedures to ensure adequate internal controls and segregation of duties.

2024-002 – Public Depository Compliance

Type of Findings: State Compliance

Condition: The City did not have the Public Deposit Identification and Acknowledgement Form DFS-J1-1295 completed for one bank account when requested for the audit.

Criteria or Specific Requirement: Management is responsible for complying with Section 280.17(2), Florida Statutes, including maintaining a current Public Deposit Identification and Acknowledgement Form (DFS-J11295) as a valuable record. This form is mandatory for filing a claim with the Chief Financial Officer upon default or insolvency of a qualified public depository.

Effect: The City is not in compliance with Florida Statute 280.17(2).

Cause: Management did not maintain a copy of the public deposit identification and acknowledgement form for one bank account.

Recommendation: We recommend management promptly obtain a completed DFS-J1-1295 for each new bank account and maintain the executed form in a centralized, readily accessible file (electronic or hard copy), with periodic monitoring to ensure forms remain current for all applicable accounts.

Views of responsible officials and planned corrective actions: There is no disagreement. The City will maintain copies of these forms, as required. Management requested copies of this form for the bank account related to this finding but was unable to obtain a copy. The City closed the bank account for which it currently does not have a copy of the Form DFS-J1-1295.

2024-003 - Budgets

Type of Findings: State Compliance

Condition: The City reported total expenditures in the Stormwater Fund that exceeded the final budget.

Criteria or Specific Requirement: Section 166.241, Florida Statutes, sets forth requirements related to the City's budget, including adherence to the adopted/final budget and appropriate monitoring and amendment practices.

Effect: The City is not in compliance with the budgetary requirements of Florida Statutes.

**TOWN OF KENNETH CITY, FLORIDA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2024**

2024-003 – Budgets (Continued)

Cause: The budget was not amended for certain expenditures funded by intergovernmental grant revenues that were not part of the original budget. As a result, the Stormwater Fund's expenditures exceeded the final budget.

Recommendation: We recommend management actively monitor actual-to-budget activity throughout the fiscal year and amend budgets timely when needed (within the period allowed by statute), particularly when new grant-funded activities or expenditures arise, to help ensure expenditures do not exceed budgeted amounts.

Views of responsible officials and planned corrective actions: There is no disagreement. The City is implementing updated processes and procedures to ensure timely reporting to ensure budgets are timely amended, as needed, and expenditures do not exceed budgeted amounts.



MANAGEMENT LETTER

Honorable Mayor and City Council
Town of Kenneth City, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Kenneth City (the City), Florida as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated March 6, 2026.

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 Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant’s Report(s) 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 March 6, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report except as noted in the below table of prior year findings.

Prior Years Findings		Current Year Status		Current Year Finding #	2022-2023 Year Finding #	2021-2022 Year Finding #
		Not Reported	Reported			
2023-001 - Deficiencies in Internal Controls	Material Weakness		X	2024-001	2023-001	2022-001
2023-002 - Unauthorized Use of Credit Cards	Material Weakness	X		N/A	2023-002	N/A
2023-003 - Delay in Payment Processing	Significant Deficiency	X		N/A	2023-003	2022-003
2023-004 - Public Depository Compliance	Significant Deficiency		X	2024-002	2023-004	2022-004

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 has been included 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, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described by Section 218.503(1), Florida Statutes.

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

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

Property Assessed Clean Energy (PACE) Programs

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires the City include a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes operated within the City's geographical boundaries during the fiscal year under audit. A PACE program did not operate within the City's geographical boundaries during the fiscal year under audit.

Special District Component Units

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 has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. See items 2024-002 and 2024-003 in the accompanying schedule of findings and responses.

Honorable Mayor and City Council
Town of Kenneth City, Florida

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 Council Members, and management, and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
March 6, 2026



INDEPENDENT ACCOUNTANTS' REPORT

Honorable Mayor and Members of the City Council
Town of Kenneth City, Florida

We have examined the Town of Kenneth City's (City) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the fiscal year ended September 30, 2024. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City'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 City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of 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 engagement.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
March 6, 2026



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