City of Marathon, Florida

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2025

Prepared by the
Finance Department

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Table of Contents

Table of Contents (Continued)

Table of Contents (Continued)

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INTRODUCTORY SECTION

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CITY OF MARATHON, FLORIDA

9805 Overseas Highway, Marathon, Florida 33050
Phone: (305) 743-0033 Fax: (305) 743-3667

June 26, 2026

To the Honorable Mayor,
Members of the Governing Council,
and Citizens of the City of Marathon:

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

State law requires that all general-purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the United States and Government Auditing Standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Marathon. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Marathon has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Marathon's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Marathon's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Marathon's financial statements have been audited by Mauldin & Jenkins LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Marathon for the fiscal year ended September 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Marathon's financial statements for the fiscal year ended September 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting the requirements set forth above, the independent audit was also designed to meet the special needs of federal and state grantor agencies as provided for in the Federal Single Audit Act, Office of Management and Budget (OMB) Uniform Guidance and Florida Single Audit Act in accordance with Chapter 10.550, Rules of the Auditor General. These standards require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are presented in the compliance section of this report.

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In accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,* GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Marathon's MD&A can be found immediately following the independent auditor's report on the basic financial statements.

Profile of the Government

The City of Marathon, incorporated November 30, 1999, with a population of 10,140 residents, is located approximately one hour from Key West, Florida and Key Largo, Florida. Marathon is known as the "Heart of the Florida Keys." Its boundaries run from the east end of the Seven Mile Bridge, mile marker 47, to the west end of Tom's Harbor Bridge, approximately mile marker 60. The islands of Marathon include Boot Key, Knights Key, Hog Key, Vaca Key, Stirrup Key, Crawl and Little Crawl Key, East and West Sister's Island, Deer Key, Little Deer Key, Fat Deer Key, Long Point Key, and Grassy Key. The City of Marathon is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the City Council.

The City of Marathon operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and four other members. The City Council is responsible, among other things, for passing ordinances, resolutions, and regulations governing the city, adopting the budget, and appointing the city manager, city attorney, and members of various boards. The City Manager is responsible for carrying out the policies and ordinances adopted by the City Council, for overseeing the day-to-day operations of the City, appointing the heads of the various departments, and submission of the budget to City Council for approval. The mayor and four council members are elected at large every three years with a term limit of two consecutive terms.

The City of Marathon provides a wide variety of services, including police, fire protection, and emergency medical services; the construction and maintenance of highways, streets and other infrastructure; planning and zoning; building and code enforcement; and recreational activities and community events. The City also manages two enterprise funds; a City marina facilities and a wastewater and stormwater utilities fund.

The financial reporting entity (the City of Marathon) includes all of the funds of the City. The City does not have any component units. A component unit is a legally separate entity for which the City is financially accountable or the nature and significance of the relationship between the City and the entity was such that exclusion would cause the City's financial statements to be misleading or incomplete.

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The annual budget serves as the foundation for the City of Marathon's financial planning and control. All departments of the City of Marathon are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to City Council for review prior to September 1. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Marathon's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Department heads may make transfers within a department with the approval of the City Manager. Transfers of appropriations between departments, however, require the approval of the City Council. A budget-to-actual comparison for the General Fund is included as Required Supplementary Information on page 58 following the notes to the basic financial statements. A budget-to-actual comparison for the capital infrastructure fund is included as other financial information on pages 66 and 67. For governmental funds, other than the General Fund, street maintenance fund and capital infrastructure fund, this comparison is presented in the non-major governmental fund subsection of this report, on pages 68 and 69.

Factors Affecting Financial Condition

Local Economy

The Florida Keys are often referred to as the "American Caribbean" and Marathon is known as "The Heart of the Keys." Marathon's ideal location between Key Largo and Key West makes it a desirable place in which to live and work. Tourism is an important economic engine. The local environment offers excellent sport fishing and recreational diving opportunities. The tropical climate, in addition to the recreational water activities, makes the City a major tourist destination as well as a desirable retirement and second home location. The Florida Keys have continually ranked among the top tourist destinations in the Country. In addition to tourism, commercial seafood harvesting is a significant aspect of the local economy as the Florida Keys are one of the largest providers of seafood products in the country, serving both national and international markets.

The City of Marathon's economic outlook is strong. The tourism industry in the Florida Keys is vibrant and has proven to be extremely resilient. The City is experiencing growth in the commercial and residential sector with new; resorts, restaurants, businesses and residences coming online. In December 2025, the area's unemployment rate was 3.1%, the lowest in the state, compared with the statewide rate of 4.3%.

Long-Term Financial Planning and Relevant Financial Policies

The City has a five-year Capital Plan and prioritizes needs based on its expected available resources. This effort identifies capital purchases that will be needed to continue its critical core public safety services, as well as other departmental needs.

The City has limited its borrowing to prudent levels that are able to be satisfied with existing revenue and cash flow projections. In order to minimize our debt issuance (and related costs) to when it is absolutely necessary, the City has a pay-as-you-go financing policy for CIP projects which includes:

- Projects having a small dollar value.
- Projects which can be broken into phases with a portion completed each year without impairing the overall effectiveness of the project.
- Projects which are of a recurring natures.
- Projects where the assets acquired will have relatively short useful lives.

The City has adopted a cash management policy that is designed to maintain earnings free from risk, maintain adequate liquidity to meet the City's obligations, and maximize investment return. To ensure the safety of the City's funds, all investments are with depositories that are qualified under Florida law and thus are fully collateralized in accordance with Chapter 280 of the State statutes.

Major Initiatives

The City will continue to pursue its long-term goals as outlined in the Five-Year Capital Improvement Plan. The City continues to devote resources to affordable housing, transportation and traffic concerns. The City also has various bridge repair, sewer upgrades, design, permitting and construction of a deep well with transmission lines and pumping stations are underway. Other major projects currently included in the Five-Year Capital Improvement Plan are:

- Seawall and amenities at the Quay property.
- Improvements at City parks and beaches.
- 7 mile marina improvements.
- Street lighting and pathway improvements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Marathon for its Annual Financial Comprehensive Report for the fiscal year ended September 30, 2024. This was the 20-second consecutive year that the City of Marathon achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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A Certificate of Achievement is valid for a period of one year only. We believe that the September 30, 2025 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been accomplished without the dedicated and efficient service of the entire staff of the finance department. We would like to express our appreciation to all members of other City departments who assisted and contributed to the preparation of this report. We would also like to express a special note of thanks to our independent certified public accountants, Citrin Cooperman & Company for their cooperation and assistance. Their professional approach and high standards in the conduct of their independent audit of the City's financial records and transactions is greatly appreciated.

Respectfully submitted,

Steve Williams
Interim City Manager and City Attorney

Jennifer Johnson
Finance Director

City of Marathon, Florida
List of Principal Officials
September 30 ,2025

City Council

Lynn Landry, Mayor
Jeff Smith, Vice-Mayor

Kenny Matlock, Councilmember
Robyn Still, Councilmember
Lynny Del Gaizo, Councilmember

City Manager

George Garrett
Brian Bradley, Deputy City Manger

City Clerk

Diane Clavier

City Attorney

Steven Williams

Finance Director

Jennifer Johnson

City Auditors

Mauldin & Jenkins, LLC

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Marathon
Florida

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

FY25 Organizational Chart

- Residents
  - City Council
    - City Manager
      - Deputy City Manager
        - Building
        - Code
        - Planning
        - Public Works
        - Utilties
        - Parks & Rec
        - Marina/Ports
        - Fire/EMS
        - Personnel Services
        - IT
        - Police (contract)
        - Finance (contract)
        - City Clerk
    - City Attorney

FINANCIAL SECTION

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MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

Honorable Mayor and City Council
City of Marathon, Florida
Marathon, Florida

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marathon, Florida (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 on pages 4 through 15, the budgetary comparison schedule, and the schedules related to pensions and other post-employment benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Change in Accounting Principle

As described in Note 12 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 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.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 26, 2026

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Management's Discussion and Analysis

As management of the City of Marathon, Florida, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i through v of this report.

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

Financial Highlights

- The assets and deferred outflows of resources of the City of Marathon exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $192,265,055 (net position), as compared with $185,190,784 as restated for the previous year. Of this amount, $42,065,406 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors as compared with $48,327,568 the previous year. This decreased from the prior year due to capital asset additions.
- The City's total net position increased by $7,074,271 during the current fiscal year. Included in the total net position is governmental net position that increased by $4,812,025 and business-type activities net position that increased by $2,262,246.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $52,392,364, an increase of $3,432,383. $27,574,657 of this total amount is available for spending at the City's discretion (unassigned fund balance in the General Fund).
- The City's total debt decreased by $1,926,817 (7.58%) during the current fiscal year due to annual payments.
- The City's net position at the beginning of the fiscal year was restated to comply with the implementation of GASB Statement 101.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Marathon's basic financial statements. The City's basic financial statements contain three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Marathon that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, community services (public works, street and bridge maintenance, parks and recreation, nearshore waters), public safety (fire, EMS, police), and community development (planning, building, code). The business-type activities of the City include a full-service marina and a wastewater and stormwater utility.

The government-wide financial statements can be found on pages 16 and 17 of this report.

Fund Financial Statements

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

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

The City of Marathon previously implemented Governmental Accounting and Financial Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. Fund balances are now presented in the following classifications:

Non-Spendable Fund Balance - Amounts that are not in a spendable form (for example, inventory, long-term portion of loans, prepaid expenses, and notes receivable), or are required to be maintained intact (for example, the principal of an endowment fund).

Restricted Fund Balance - Amounts that can be spent only for the specific purposes stipulated by external resource providers (i.e. grant providers), constitutionally, or through enabling legislation (legislation that creates a new revenue source and restricts its use). Effectively, a restriction may be changed or lifted only with the consent of resource providers.

Committed Fund Balance - Amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (i.e. City Council). Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned Fund Balance - Amounts intended to be used by the government for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority (the authority for making an assignment is not required to be the government's highest level of decision making authority).

Unassigned Fund Balance - The residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

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

The City of Marathon maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and Capital Infrastructure Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* on pages 64 through 65 of this report.

The City of Marathon adopted an annual appropriated budget for its General Fund, five of its special revenue funds, the Capital Project Fund and the Debt Service Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget (page 58). A budgetary comparison schedule has also been provided for the Capital Infrastructure Fund, which is a capital project fund (pages 66 and 67).

The governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary funds. The City of Marathon maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its wastewater and stormwater utility and its marina.

Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The proprietary fund financial statements provide information for the wastewater and stormwater utilities and the marina (nonmajor).

The proprietary fund financial statements can be found on pages 22 through 24 of this report. Data from the only nonmajor proprietary fund, the Marina Enterprise Fund, is also included in this presentation.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Firefighters’ Pension Trust Fund is the only fiduciary fund for the City.

The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

Notes to the Basic 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 27 through 57 of this report.

Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information*, concerning the City of Marathon’s budgetary comparison schedules for the General Fund and the progress in funding its obligation to provide pension benefits to certain employees and council members, as well as other post-employment benefits.

Required supplementary information can be found on pages 58 through 63 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 64 through 65 of this report.

Government-wide Financial Analysis

Net Position: As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Marathon, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $192,265,055 at the close of the most recent fiscal year, compared to net position of $185,190,784 as restated for the prior year. This increase is due to the increase in capital assets.

City of Marathon's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024 As Restated	2025	2024 As Restated	2025	2024 As Restated
Current and other assets	$ 56,478,387	$ 53,261,443	$ 7,455,608	$ 10,559,453	$ 63,933,995	$ 63,820,896
Capital assets (net)	42,731,566	42,929,333	116,128,294	111,716,781	158,859,860	154,646,114
Total assets	99,209,953	96,190,776	123,583,902	122,276,234	222,793,855	218,467,010
Deferred outflows of resources	2,339,847	2,438,818	54,595	39,216	2,394,442	2,478,034
Current and other liabilities	2,065,227	3,959,894	9,193,908	5,995,011	11,259,135	9,954,905
Long-term liabilities	2,340,029	2,390,381	17,511,394	21,468,759	19,851,423	23,859,140
Total liabilities	4,405,256	6,350,275	26,705,302	27,463,770	31,110,558	33,814,045
Deferred inflows of resources	1,731,249	1,295,375	81,435	62,051	1,812,684	1,357,426
Net position:						
Net investment in capital assets	40,569,061	39,537,564	94,785,930	84,694,338	135,354,991	124,231,902
Restricted	14,844,658	12,631,314	-	-	14,844,658	12,631,314
Unrestricted	39,999,576	38,432,392	2,065,830	9,895,176	42,065,406	48,327,568
Total net position	$ 95,413,295	$ 90,601,270	$ 96,851,760	$ 94,589,514	$ 192,265,055	$ 185,190,784

The largest portion of the City's net position (70.4%) reflects its investment in capital assets (e.g. land, building, and equipment), less any related debt used to acquire those assets that are still outstanding. This investment in capital assets reflects a (3.3%) increase from the prior year. The City uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, $14,844,658 (7.7%), represents resources that are subject to external restrictions on how they may be used. This represents an increase of 23.3% from the previous year's balance of $12,038,525. The remaining balance of unrestricted net position $42,065,406 (21.9%) may be used to meet the City's ongoing obligations to citizens and creditors.

Changes in Net Position

Governmental activities and business-type activities increased the City's net position by $7,074,271 from the previous fiscal year. The relevant revenue and expense categories and their effect on net position are summarized in the table below. The information presented in this table will be used in the subsequent discussion of governmental and business-type activities:

City of Marathon's Changes in Net Position

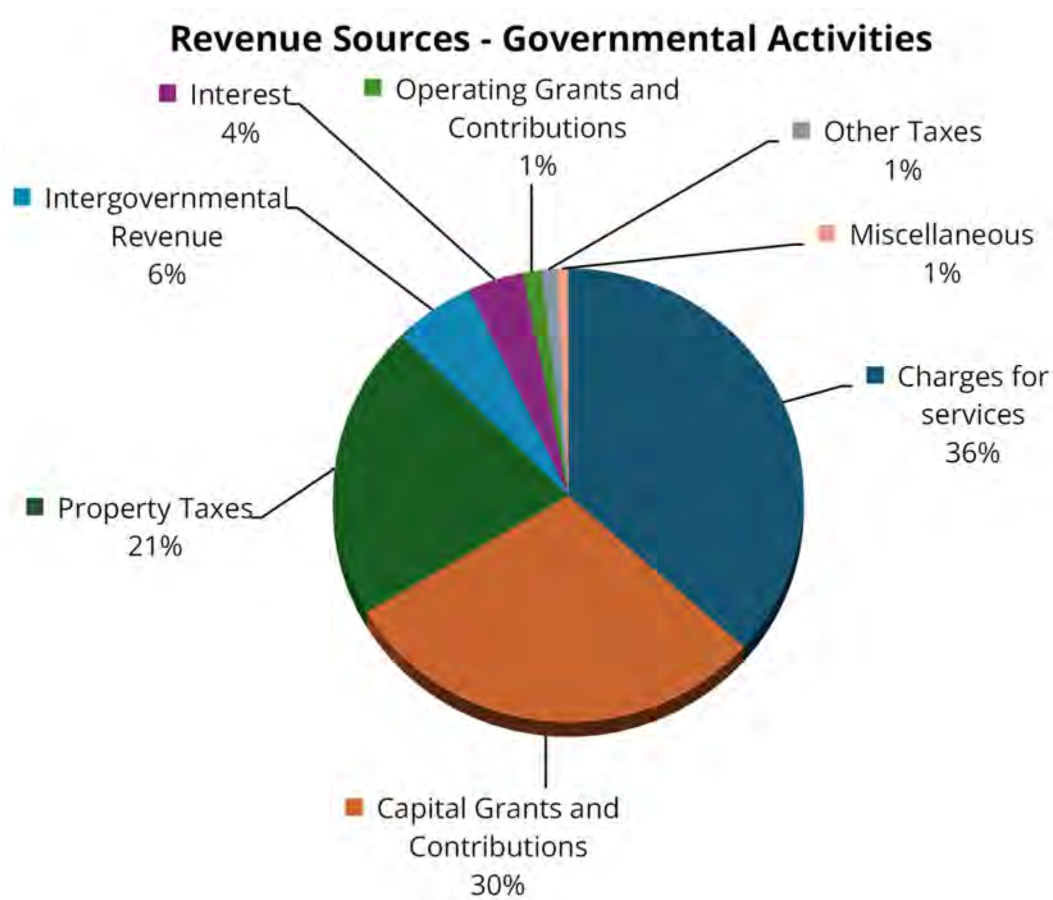
	Governmental Activities		Business-Type Activities		Total	
	2025	2024 As Restated	2025	2024 As Restated	2025	2024 As Restated
Revenues:						
Program revenues:						
Charges for services	$ 6,859,613	$ 8,342,493	$ 10,803,983	$ 9,513,126	$ 17,663,596	$ 17,855,619
Operating grants and contributions	621,723	695,252	-	156,424	621,723	851,676
Capital grants and contributions	6,507,215	5,465,919	7,862,703	7,143,004	14,369,918	12,608,923
General revenues:						
Property taxes	10,130,700	10,036,592	-	-	10,130,700	10,036,592
Other taxes	487,851	508,758	-	-	487,851	508,758
Intergovernmental revenues	2,726,703	2,858,969	-	-	2,726,703	2,858,969
Investment earnings	1,774,839	1,779,429	62,903	305,187	1,837,742	2,084,616
Miscellaneous	405,296	46,307	565	6,904	405,861	53,211
Total revenues	29,513,940	29,733,719	18,730,154	17,124,645	48,244,094	46,858,364
Expenses:						
General government	5,099,671	5,500,297	-	-	5,099,671	5,500,297
Public safety	10,713,871	9,945,612	-	-	10,713,871	9,945,612
Community services	6,987,360	6,699,643	-	-	6,987,360	6,699,643
Community development	1,569,556	1,655,094	-	-	1,569,556	1,655,094
Interest on long-term debt	66,763	118,948	-	-	66,763	118,948
Marina	-	-	1,739,016	1,500,804	1,739,016	1,500,804
Wastewater	-	-	13,890,381	15,022,380	13,890,381	15,022,380
Stormwater	-	-	1,103,205	1,098,244	1,103,205	1,098,244
Total expenses	24,437,221	23,919,594	16,732,602	17,621,428	41,169,823	41,541,022
Increase in net position before transfers in	5,076,719	5,814,125	1,997,552	(496,783)	7,074,271	5,317,342
Transfers	(264,694)	(264,693)	264,694	264,693	-	-
Increase in net position	4,812,025	5,549,432	2,262,246	(232,090)	7,074,271	5,317,342
Net position beginning		85,444,512		95,021,719		180,466,231
Restatement	-	(392,674)	-	(200,115)	-	(592,789)
Net position- ending	$ 4,812,025	$ 90,601,270	$ 2,262,246	$ 94,589,514	$ 7,074,271	$ 185,190,784

Management's Discussion and Analysis

Governmental activities increased the City of Marathon's net position by $4,812,025 as compared to an increase in net position of $5,549,432 in the prior fiscal year. The decrease from the prior year is due to a budgeted use of reserves to keep the property tax revenues in line with the prior fiscal year.

Program revenues, comprised of charges for services as well as operating and capital grants, and contributions represent 67.7% of the governmental activities total revenues. Property taxes, which represent 21% of total revenues for governmental activities, are non-program specific and are used to fund all activities not covered by program revenues.

Revenue Sources - Governmental Activities



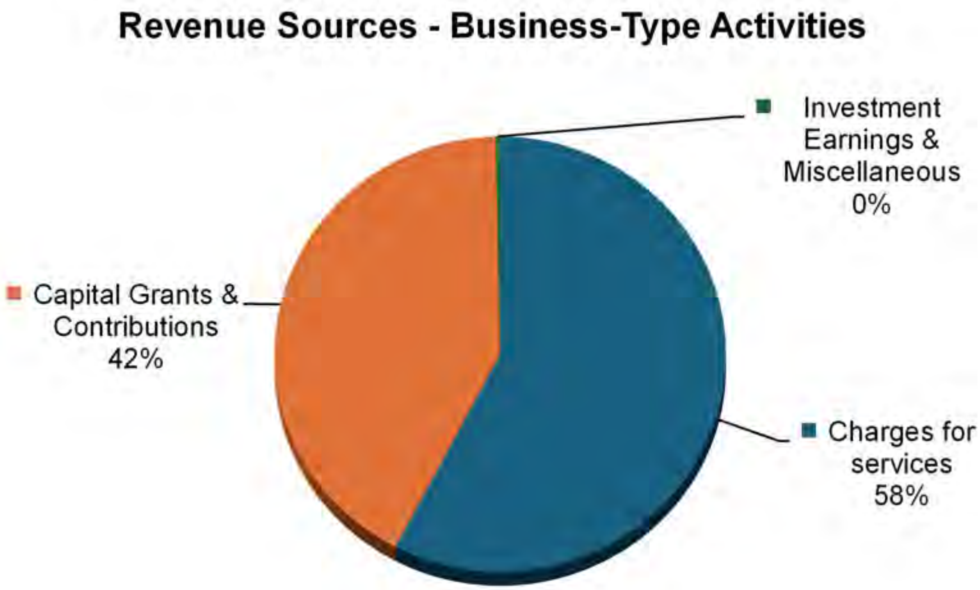
Business-Type Activities

Business-type activities increased the City of Marathon's net position by $2,262,246.

This is the twenty-second year of operation for the Marina Enterprise Fund, and the twentieth year of operation for the Wastewater and Stormwater Utility Enterprise Fund.

- In total, the City's business-type activities reflected an operating income of $5,359,518. This is primarily due to the Wastewater and Stormwater's operating loss of $4,771,307. The operating loss is primarily due to the provision for depreciation of $6,150,157.

Charges for services represent 57.7% of the total business-type revenues.



Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the City of Marathon's governmental funds reported combined ending fund balances of $52,392,364 an increase of $3,432,383 in comparison with the prior year. Of this total amount, $27,574,657 is available for spending at the City's discretion. The remainder of fund balance: $135,033 is restricted for police education, $828,894 is restricted for street maintenance projects, $7,839,837 is restricted for capital projects, $3,501,009 is restricted for the building department, $60,187 is *nonspendable fund balance* for prepaid items and $12,452,748 is *committed fund balance* to indicate that it is not available for new spending because it is already committed for a variety of restricted purposes.

General Fund: The General Fund is the main operating fund of the City of Marathon. At the end of the current fiscal year, unassigned fund balance of the General Fund was $27,574,657 while total fund balance was $27,769,877.

The fund balance of the City of Marathon's General Fund increased by $3,432,383 during the current fiscal year. Total General Fund revenues decreased approximately .2%. This increased from the prior year due to an increase in code enforcement fines.

The amount of General Fund revenue by type, the percent of the total and the amount of change compared to last fiscal year are shown in the following schedule:

	2025 Amount	Percentage of Total	2024 Amount	Percentage of Total	Increase (Decrease) from 2024	Percentage of Increase (Decrease)
Revenues:						
Property taxes	$ 10,130,700	34.1%	$ 10,036,592	33.7%	$ 94,108	0.9%
Intergovernmental	9,734,552	32.8%	9,464,578	31.8%	269,974	2.9%
Licenses and permits	2,779,615	9.4%	2,898,643	9.7%	(119,028)	-4.1%
Charges for services	1,769,471	6.0%	1,652,732	5.6%	116,739	7.1%
Fines and forfeitures	2,310,527	7.8%	2,097,032	7.0%	213,495	10.2%
Communication service taxes	487,851	1.6%	508,758	1.7%	(20,907)	-4.1%
Impact fees	319,687	1.1%	1,274,260	4.3%	(954,573)	-74.9%
Interest	1,774,839	6.0%	1,779,429	6.0%	(4,590)	-0.3%
Miscellaneous	405,296	1.4%	45,807	0.2%	359,489	784.8%
Total revenues	$ 29,712,538	100.0%	$ 29,757,831	100.0%	$ (45,293)	-0.2%

- Impact Fees decreased $954,573 due to less new development building projects from the prior year.
- Miscellaneous increased $359,489 due to a large private source contribution.

Expenditures in the General Fund are shown in the following schedule:

	2025 Amount	Percentage of Total	2024 Amount	Percentage of Total	Increase (Decrease) from 2024	Percentage of Increase (Decrease)
Expenditures:						
City Council	$ 690,758	3.4%	$ 702,053	3.8%	$ (11,295)	-1.6%
Administration	3,293,533	16.1%	2,987,942	16.4%	305,591	10.2%
Legal	475,479	2.3%	433,561	2.4%	41,918	9.7%
Police services	2,532,134	12.3%	2,458,953	13.5%	73,181	3.0%
Fire/EMS	8,441,505	41.1%	7,173,710	39.3%	1,267,795	17.7%
Public works	1,765,349	8.6%	1,139,394	6.2%	625,955	54.9%
Parks and recreation	1,858,306	9.1%	2,155,161	11.8%	(296,855)	-13.8%
Near shore waters	21,836	0.1%	37,315	0.2%	(15,479)	-41.5%
Community development	1,438,350	7.0%	1,177,529	6.4%	260,821	22.1%
Total expenditures	$ 20,517,250	100.0%	$ 18,265,618	100.0%	$ 2,251,632	12.3%

- Public Safety expenditures increased $1,893,750 due to increased contracted services and personnel costs.

Other governmental funds: Significant items pertaining to other governmental funds are as follows:

- The Capital Infrastructure Fund increased its fund balance by $2,041,527 due to a decrease in capital outlay activities.

Proprietary Funds: In addition to the items already addressed in the discussion of the City's business-type activities, other significant items pertaining to the City's business-type activities are as follows:

Wastewater and Stormwater Utility Fund

- The City-wide stormwater collection and wastewater collection and treatment systems have been online and operating since the end of fiscal year 2013. This activity resulted in an increase in the Wastewater and Stormwater Utility Fund net position of $ 2,842,496.

Marina Fund

- The activities at the City's marina resulted in a decrease of net position of $580,250 due to the provision for depreciation of $236,326 and increased personnel and operating costs for the mooring field.

General Fund Budgetary Highlights

There were $269,130 in differences between the original budget and the final amended budget. The significant changes to the individual departments (budgetary level of control for the General Fund) from the original to the final amended budget can be briefly summarized as follows:

- The Fire/EMS budgeted expenditures, and general fund revenues were both increased by $269,130 to accommodate for the fire insurance premium tax distributions received from the State and passed through to the Chapter 175 fire rescue pension plan.

Actual expenditures were $ 1,555,884 below the final budgeted amounts. The significant variances can be summarized as follows:

- Community Development was $535,323 under budget due to professional services in the planning department being less than anticipated.
- Community Services were $377,666 under budget due to parks and recreation personnel costs being less than anticipated.
- General Government was $484,546 under budget due to outside counsel and information technology costs being less than anticipated.

Resources available for appropriations were $99,257 over the budgeted amount. The significant variance can be summarized as follows:

- Intergovernmental revenues were $266,326 under budget due to the decrease in fire insurance premium taxes that are received and passed through to the Firefighter's pension plan.
- Fines and forfeitures was $241,727 over budget due to the increase in code enforcement fines.
- Licenses and permits was $149,069 over budget due to the increase in fire inspection fees.

Capital Assets and Debt Administration

Capital assets: The City of Marathon's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to $158,859,897 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and park facilities. The investment does not include governmental infrastructure assets acquired prior to 2004, as GASB 34 does not require Phase III governments to report infrastructure retroactively. The total net increase in the City's investment in capital assets for the current fiscal year was $4,203,743 as compared to the $1,882,987 net increase in the prior year.

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

Governmental Activities:

- Buildings and structures increased $687,659 due to the Ocean Front Park tiki pavilion project, and the restrooms at the Quay property.
- Construction-in-progress increased $624,990 due to a deposit on a new fire boat, continued work at the Quay property, and the commencement of the skate park project at Community Park.
- Improvements other than buildings increased $309,351 mainly due to the new overflow parking at Coco Plum beach as well as tennis and basketball court resurfacing at Community Park.

Business Activities:

- Improvements other than buildings increased by $1,592,014 largely due to the various wastewater vacuum pit replacements throughout the City.
- Construction-in-progress increased by $6,749,251 primarily due to the commencement of the deep well, transmission lines and pumping stations project and the ongoing Sombrero Boulevard flood proofing project.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Capital assets, net of depreciation						
Land	$ 16,312,247	$ 16,312,247	$ 4,695,647	$ 4,695,647	$ 21,007,894	$ 21,007,894
Intangibles	3,822	3,822	1,618,093	1,618,093	1,621,915	1,621,915
Construction in progress	1,092,958	499,842	11,507,031	8,756,255	12,599,989	9,256,097
Buildings	12,828,717	12,810,136	3,557,665	3,212,450	16,386,382	16,022,586
Improvements other than buildings	9,570,828	10,437,754	91,558,661	91,552,154	101,129,489	101,989,908
Land improvements	-	-	88,426	33,604	88,426	33,604
Fire equipment and vehicles	1,458,347	1,463,869	-	-	1,458,347	1,463,869
Vehicles	-	-	534,904	584,057	534,904	584,057
Furniture and equipment	1,464,644	1,411,663	2,567,867	1,264,521	4,032,511	2,676,184
Total	$ 42,731,563	$ 42,939,333	$ 116,128,294	$ 111,716,781	$ 158,859,857	$ 154,656,114

Additional information on the City's capital assets can be found in Note 6 on pages 40 through 41 of this report.

Long-term liabilities: At the end of the current fiscal year, the City of Marathon had governmental activities improvement revenue bond debt outstanding of $2,157,302. This debt is secured by the City's local discretionary sales surtax revenues. Governmental activities also paid off a note payable for $600,000. The City's Wastewater and Stormwater Enterprise Fund also had State Revolving Fund debt outstanding of $21,342,364 The State Revolving Fund debt is secured by the pledge of future non-ad valorem assessments for utility construction, the capital infrastructure funds, and the gross revenues derived yearly from the operation of the sewer and stormwater systems after payment of operating and maintenance expenses and the satisfaction of all yearly payment senior obligations.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024 As Restated	2025	2024 As Restated	2025	2024 As Restated
Long-term liabilities:						
Improvement Revenue Bonds	$ 2,157,302	$ 2,667,302	$ -	$ -	$ 2,157,302	$ 2,667,302
Note payable	-	600,000	-	-	-	600,000
State Revolving Fund Loans	-	-	21,342,364	25,426,483	21,342,364	25,426,483
Compensated absences	767,726	747,175	323,610	309,491	1,091,336	1,056,666
Other post-employment benefits obligation	196,774	89,028	57,707	27,959	254,481	116,987
Total	$ 3,121,802	$ 4,103,505	$ 21,723,681	$ 25,763,933	$ 24,845,483	$ 29,867,438

The City of Marathon's total long-term liabilities decreased by $5,021,955 during the current fiscal year.

Additional information on the City of Marathon's long-term debt can be found in Note 7 on pages 42 through 44 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for Monroe County was 3.1% in December of 2024, the lowest in the State, which is an increase from a rate of 1.9% a year ago. The rate compares favorably to the State's average unemployment rate of 4.3%.

An increase in property values resulted in a roll-back rate, which is the tax rate that would bring in the same amount of money as the previous year of 2.0631. For fiscal year 2026, the City adopted a final millage rate which is equal to the roll-back rate.

During fiscal year 2026, the City will be working on the following programs/projects:

- City Bridge Rehabilitation and Replacement.
- Sombrero Road Drainage Improvements.
- Community Park Improvements.
- Ocean Front Park Improvements.
- Wastewater Deep Well, Transmission Lines and Pumping Station Project.

Requests for Information

This financial report is designed to provide a general overview of the City of Marathon's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director, City of Marathon, 9805 Overseas Highway, Marathon, Florida 33050.

BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 51,552,871	$ 4,003,440	$ 55,556,311
Investments	53,924	-	53,924
Receivables, net	1,222,772	540,977	1,763,749
Due from other governments	1,048,751	2,887,923	3,936,674
Prepaid items	60,187	23,269	83,456
Net pension asset	2,539,885	-	2,539,885
Capital assets not being depreciated	17,409,027	17,820,771	35,229,798
Capital assets, being depreciated	25,322,536	98,307,523	123,630,059
Total assets	99,209,953	123,583,903	222,793,856
Deferred outflows of resources			
Deferred outflows related to pension	2,131,957	-	2,131,957
Deferred outflows related to OPEB	207,890	54,595	262,485
Total deferred outflows of resources	2,339,847	54,595	2,394,442
Liabilities			
Accounts payable and accrued liabilities	1,279,050	1,841,475	3,120,525
Accrued interest payable	4,403	-	4,403
Unearned revenues	267,090	3,140,147	3,407,237
Due within one year			
Compensated absences payable	76,773	32,361	109,134
Bonds payable	705,000	-	705,000
Loans payable	-	4,179,926	4,179,926
Due in more than one year			
Total other post-employment benefits liability (OPEB)	196,774	57,707	254,481
Compensated absences payable	690,953	291,249	982,202
Bonds payable	1,452,302	-	1,452,302
Loans payable	-	17,162,438	17,162,438
Total liabilities	4,672,345	26,705,303	31,377,648
Deferred inflows of resources			
Deferred inflows related to pension	1,453,562	-	1,453,562
Deferred inflows related to OPEB	277,687	81,435	359,122
Total deferred inflows of resources	1,731,249	81,435	1,812,684
Net Position			
Net investment in capital assets	40,569,061	94,785,930	135,354,991
Restricted for			
Net pension asset	2,539,885	-	2,539,885
Capital projects	7,839,837	-	7,839,837
Street maintenance	828,894	-	828,894
Police education	135,033	-	135,033
Building department	3,501,009	-	3,501,009
Unrestricted	39,732,487	2,065,830	41,798,317
Total net position	$ 95,146,206	$ 96,851,760	$ 191,997,966

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

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Functions/programs							
Governmental activities							
General government	$ 5,099,671	$ 2,730	$ 365,617	$ 53,114	$ (4,678,210)	$ -	$ (4,678,210)
Public safety	10,713,871	6,822,466	330,443	76,768	(3,484,194)	-	(3,484,194)
Community services	6,987,360	34,417	124,261	5,843,091	(985,591)	-	(985,591)
Community development	1,569,556	-	-	68,554	(1,501,002)	-	(1,501,002)
Interest	66,763	-	-	-	(66,763)	-	(66,763)
Total governmental activities	24,437,221	6,859,613	820,321	6,041,527	(10,715,760)	-	(10,715,760)
Business-type activities							
Wastewater	13,890,381	9,653,178	-	6,767,470	-	2,530,267	2,530,267
Stormwater	1,103,205	-	-	1,082,721	-	(20,484)	(20,484)
Marina	1,739,016	1,150,805	-	12,512	-	(575,699)	(575,699)
Total business-type activities	16,732,602	10,803,983	-	7,862,703	-	1,934,084	1,934,084
Total	$ 41,169,823	$ 17,663,596	$ 820,321	$ 13,904,230	(10,715,760)	1,934,084	(8,781,676)
General revenues							
Property taxes					10,130,700	-	10,130,700
Communication services tax					487,851	-	487,851
Unrestricted intergovernmental revenue					2,726,703	-	2,726,703
Unrestricted investment earnings					1,774,839	62,903	1,837,742
Insurance recovery					-	565	565
Miscellaneous					405,296	-	405,296
Gain on disposal of capital assets					-	-	-
Transfers					(264,694)	264,694	-
Total general revenues and transfers					15,260,695	328,162	15,588,857
Change in net position					4,544,935	2,262,246	6,807,181
Net position, beginning of year**,** as previously reported					90,993,944	94,789,629	185,783,573
Change in accounting principle					(392,673)	(200,115)	(592,788)
Net position, beginning of year, as restated					90,601,271	94,589,514	185,190,785
Net position, end of year					$ 95,146,206	$ 96,851,760	$ 191,997,966

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

BALANCE SHEET –
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Capital Infrastructure Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 28,149,444	$ 10,828,369	$ 12,575,058	$ 51,552,871
Investments	35,265	2,311	16,348	53,924
Receivables, net	302,772	-	920,000	1,222,772
Due from other governments	587,561	389,140	72,050	1,048,751
Prepaid items	60,187	-	-	60,187
Other current assets				
Advance to other fund				
Total assets	$ 29,135,229	$ 11,219,820	$ 13,583,456	$ 53,938,505
Liabilities				
Accounts payable and accrued liabilities	$ 1,098,262	$ 55,239	$ 125,549	$ 1,279,050
Unearned revenues	267,090	-	-	267,090
Total liabilities	1,365,352	55,239	125,549	1,546,140
Fund balances				
Nonspendable				
Prepaid items	60,187	-	-	60,187
Restricted for				
Capital projects		7,839,837		7,839,837
Street maintenance		-	828,894	828,894
Police education	135,033	-	-	135,033
Building department		-	3,501,009	3,501,009
Committed to				
Vehicle replacement		3,324,744		3,324,744
Infrastructure improvements		-	3,656,877	3,656,877
Affordable housing		-	4,300,192	4,300,192
Restoration projects		-	1,170,935	1,170,935
Unassigned	27,574,657	-	-	27,574,657
Total fund balances	27,769,877	11,164,581	13,457,907	52,392,365
Total liabilities and fund balances	$ 29,135,229	$ 11,219,820	$ 13,583,456	$ 53,938,505

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

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2025

Fund Balances–Total Governmental Funds		
Amounts reported for governmental activities in the Statement of Net Position are different because:		$ 52,392,365
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 74,935,029	
Accumulated depreciation	(32,203,466)	42,731,563
Accrued interest payable not reported in the governmental funds		(4,403)
Certain assets and deferred outflows of resources are not an available resource and certain liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.These assets and liabilities are comprised of the following:		
Net pension asset	2,539,885	
Deferred outflows related to pensions	2,131,957	
Deferred inflows related to pensions	(1,453,562)	
Total OPEB obligation	(196,774)	
Deferred outflows related to OPEB	207,890	
Deferred inflows related to OPEB	(277,687)	
Compensated absences payable	(767,726)	
Governmental revenue bonds payable	(2,157,302)	26,681
Net Position of Governmental Activities		$ 95,146,206

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	General	Capital Infrastructure Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 10,130,700	$ -	$ -	$ 10,130,700
Intergovernmental	3,266,988	5,870,120	597,444	9,734,552
Licenses and permits	1,423,349	-	1,356,266	2,779,615
Charges for services	1,769,471	-	-	1,769,471
Fines and forfeitures	2,310,527	-	-	2,310,527
Communications services tax	487,851	-	-	487,851
Impact fees	-	-	319,687	319,687
Interest	886,228	413,746	474,865	1,774,839
Miscellaneous	27,752	250,000	127,544	405,296
Total revenues	20,302,866	6,533,866	2,875,806	29,712,538
Expenditures				
Current				
General government	4,475,212	-	-	4,475,212
Public safety	10,973,639	-	-	10,973,639
Community services	3,459,941	-	2,255,459	5,715,400
Community development	1,438,351	-	-	1,438,351
Capital outlay	22,107	2,177,811	27,081	2,226,999
Debt service				
Principal	-	-	1,110,000	1,110,000
Interest and fiscal charges	-	-	75,860	75,860
Total expenditures	20,369,250	2,177,811	3,468,400	26,015,461
Excess (deficiency) of revenues over (under) expenditures	(66,384)	4,356,055	(592,594)	3,697,077
Other financing sources (uses)				
Transfers in	1,581,300	-	1,333,860	2,915,160
Transfers out	(148,000)	(2,314,528)	(717,326)	(3,179,854)
Total other financing sources (uses)	1,433,300	(2,314,528)	616,534	(264,694)
Net change in fund balances	1,366,916	2,041,527	23,940	3,432,383
Fund balances, beginning of year	26,402,961	9,123,053	13,433,967	48,959,981
Fund balances, end of year	$ 27,769,877	$ 11,164,580	$ 13,457,907	$ 52,392,364

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Net Change in Fund Balances–Total Governmental Funds		$ 3,432,383
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.		
Capital outlay	$ 2,226,999	
Less current year depreciation	(2,434,769)	(207,770)
Resources in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(465,688)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items.		
Principal repayments		1,110,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest payable	9,097	
Change in compensated absences	(20,551)	(11,454)
In the governmental funds, current year expenditures related to pensions and OPEB are comprised solely of amounts contributed to the plans for the . current year. However, in the Statement of Activities, expenses related to pensions and OPEB include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions, OPEB, and related items.		
Change in net pension liability	775,692	
Change in other post-employment benefits	(88,228)	687,464
Change in Net Position of Governmental Activities		$ 4,544,935

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

STATEMENT OF NET POSITION – PROPRIETARY FUNDS SEPTEMBER 30, 2025

	Business-Type Activities–Enterprise Funds		
	Major Fund	Nonmajor	
	Wastewater and Stormwater Fund	Marina Fund	Total
Assets:			
Current assets			
Cash and cash equivalents	$ 3,643,312	$ 360,128	$ 4,003,440
Accounts receivable	540,977	-	540,977
Prepaid items	-	23,269	23,269
Due from other governments	2,881,708	6,215	2,887,923
Total current assets	7,065,997	389,612	7,455,609
Noncurrent assets			
Capital assets not being depreciated	17,528,570	292,201	17,820,771
Capital assets, net of accumulated depreciation	96,402,059	1,905,464	98,307,523
Total noncurrent assets	113,930,629	2,197,665	116,128,294
Total assets	120,996,626	2,587,277	123,583,903
Deferred outflows of resources			
Deferred outflows relating to OPEB	43,443	11,152	54,595
Liabilities:			
Current liabilities			
Accounts payable and accrued liabilities	1,741,709	99,766	1,841,475
Unearned revenue	3,140,147	-	3,140,147
Current portion of loans payable	4,179,926	-	4,179,926
Current portion of compensated absences	32,361	-	32,361
Total current liabilities	9,094,143	99,766	9,193,909
Noncurrent liabilities			
Advances from other funds	-	-	-
Compensated absences, net of current portion	171,483	119,766	291,249
Total OPEB liability	45,919	11,788	57,707
Interest rate swap liability	-	-	-
Loans payable	17,162,438	-	17,162,438
Total non-current liabilities	17,379,840	131,554	17,511,394
Total liabilities	26,473,983	231,320	26,705,303
Deferred inflows of resources			
Deferred inflows relating to OPEB	64,800	16,635	81,435
Net position			
Net investment in capital assets	92,588,265	2,197,665	94,785,930
Unrestricted	1,913,021	152,809	2,065,830
Total net position	94,501,286	2,350,474	96,851,760

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities–Enterprise Funds		
	Major Fund	Nonmajor	
	Wastewater and Stormwater Fund	Marina Fund	Total
Operating revenues:			
Charges for services	$ 9,653,178	$ 1,150,805	$ 10,803,983
Total operating revenues	9,653,178	1,150,805	10,803,983
Operating expenses			
Personal costs	3,026,536	847,458	3,873,994
Operating expenses	5,247,792	655,232	5,903,024
Depreciation	6,150,157	236,326	6,386,483
Total operating expenses	14,424,485	1,739,016	16,163,501
Operating loss	(4,771,307)	(588,211)	(5,359,518)
Nonoperating revenues (expenses)			
Insurance recovery	565	-	565
Interest income	42,454	20,449	62,903
Interest expense	(569,101)	-	(569,101)
Operating grants	-	-	-
Gain (loss) on disposal of capital assets	-	-	-
Total nonoperating revenues (expenses)	(526,082)	20,449	(505,633)
Loss before capital contributions and transfers	(5,297,389)	(567,762)	(5,865,151)
Capital contributions			
Special assessments	4,534,763	-	4,534,763
Capital grants and contributions	3,315,428	12,512	3,327,940
Total capital contributions	7,850,191	12,512	7,862,703
Income (loss) before transfers	2,552,802	(555,250)	1,997,552
Transfers:			
Transfers in	650,000	-	650,000
Transfers out	(360,306)	(25,000)	(385,306)
Total transfers	289,694	(25,000)	264,694
Changes in net position	2,842,496	(580,250)	2,262,246
Net position, beginning, as previously reported	91,789,631	2,999,998	94,789,629
Restatement of net position	(130,841)	(69,274)	(200,115)
Net position, beginning of year, as restated	91,658,790	2,930,724	94,589,514
Net position, ending	$ 94,501,286	$ 2,350,474	$ 96,851,760

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

STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities–Enterprise Funds		
	Major Funds	Nonmajor	
	Wastewater and Stormwater Fund	Marina Fund	Total
Cash flows from operating activities			
Cash received from customers	$ 9,621,632	$ 1,150,805	$ 10,772,437
Cash paid to suppliers	(2,219,166)	(619,951)	(2,839,117)
Cash paid to employees	(3,000,801)	(830,827)	(3,831,628)
Net cash provided by (used in) operating activities	4,401,665	(299,973)	4,101,692
Cash flows from noncapital financing activities			
Transfers in	650,000	-	650,000
Transfers out	(360,306)	(25,000)	(385,306)
Net cash provided by (used in) noncapital financing activities	289,694	(25,000)	264,694
Cash flows from capital and related financing activities			
Principal payments on loans and bonds	(4,084,119)	-	(4,084,119)
Interest payments on loans and bonds	(569,101)	-	(569,101)
Proceeds from insurance	565	-	565
Proceeds from capital grants and contributions	6,759,552	138,653	6,898,205
Acquisition and construction of capital assets	(10,722,674)	(75,322)	(10,797,996)
Net cash provided by (used in) capital and related financing activities	(8,615,777)	63,331	(8,552,446)
Cash flows from investing activities			
Interest received	42,454	20,449	62,903
Net cash provided by investing activities	42,454	20,449	62,903
Net change in cash and cash equivalents	(3,881,964)	(241,193)	(4,123,157)
Cash and cash equivalents, beginning of year	7,525,276	601,321	8,126,597
Cash and cash equivalents, end of year	$ 3,643,312	$ 360,128	$ 4,003,440
Reconciliation of operating loss to net cash provided by (used in) operating activities			
Operating loss	$ (4,771,307)	$ (588,211)	$ (5,359,518)
Adjustment to reconcile operating loss to net cash provided by (used in) operating activities			
Depreciation	6,150,157	236,326	6,386,483
Increase in assets and deferred outflows			
Accounts receivable	(31,546)	-	(31,546)
Prepaid items	-	(23,269)	(23,269)
Deferred outflows - OPEB	(13,382)	(1,997)	(15,379)
Increase (decrease) in liabilities and deferred inflows			
Accounts payable	(111,521)	53,044	(58,477)
Unearned revenue	3,140,147	-	3,140,147
Compensated absences payable	(1,453)	15,572	14,119
Other post-employment benefits payable	24,242	5,506	29,748
Deferred inflows - OPEB	16,328	3,056	19,384
Net cash provided by (used in) operating activities	$ 4,401,665	$ (299,973)	$ 4,101,692

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

STATEMENT OF FIDUCIARY NET POSITION – FIREFIGHTERS' PENSION TRUST FUND SEPTEMBER 30, 2025

Assets	
Cash	$ 157,892
Investments	
Bond funds	6,078,843
Equity funds	13,499,769
Total investments	19,578,612
Receivables	
Plan members	350,099
City (including state)	37,635
Total receivables	387,734
Total assets	20,124,238
Net position	
Restricted for pensions	20,124,238
Total net position	20,124,238

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIREFIGHTERS' PENSION TRUST FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Additions		
Contributions		
Plan members	$	483,028
City (including state)		1,225,834
Total contributions		1,708,862
Investment income		
Net appreciation in fair value of investments		1,513,164
Total investment income		1,513,164
Total additions		3,222,026
Deductions		
Distributions		181,819
Administrative expenses		58,327
Total deductions		240,146
Changes in net position		2,981,880
Net position, beginning		17,142,358
Net position, ending	$	20,124,238

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

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Marathon (the "City") is a municipal corporation organized pursuant to Chapter 99-427, Laws of Florida and is located in Monroe County (the "County"). The City was incorporated on November 30, 1999. The City operates under the Council-Manager form of government and provides the following services: general government, public safety, community services and community development. The City also operates two enterprise funds which provide wastewater, stormwater and marina services.

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

Financial Reporting Entity

The financial statements were prepared in accordance with GASB pronouncements for The Financial Reporting Entity, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the City, organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. Based upon the application of these criteria, there were no organizations that met the criteria for component units described above.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items are considered to be measurable and available only when cash is received by the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

> The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
>
> The Capital Infrastructure Fund, a capital projects fund, accounts for revenues derived from local government infrastructure surtax levied in the County, as well as other income sources, including grant revenues. Funds can only be expended to finance, plan and construct infrastructure and to acquire land for public recreation, conservation or protection of natural resources.

The City reports the following major proprietary fund:

> The Wastewater and Stormwater Fund accounts for the provision of wastewater services and stormwater control services to City residents, businesses and government agencies.

Additionally, the City reports the following fiduciary fund type:

> The Firefighters' Pension Fund is used to account for the City's single-employer defined benefit pension plan covering its firefighters.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the costs of services, personnel costs, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand and short-term investments. Deposits include cash on hand and interest bearing checking accounts.

City administration is authorized to invest in those instruments authorized by the Florida Statutes. Investments include the Local Government Surplus Funds Trust Fund. Investment in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration is reported at the fair value of its position in the pool, which is the same as the value of the pool shares.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Capital Assets

Capital assets, which include property, plant and equipment, and certain infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

	Years
Buildings and structures	10-50
Land improvements	5-20
Improvements other than buildings	10-50
Fire equipment and vehicles	5-12
Furniture and equipment	3-20

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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 two items that qualify for reporting in this category. The first item is the deferred outflows related to the pension liability (asset) and is discussed further in Note 10. The second item is the deferred outflows related to OPEB and is discussed further in Note 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first item is the deferred inflows related to the net pension liability (asset) and is discussed further in Note 10. The second item is the deferred inflows related to OPEB and is discussed further in Note 11. The third item appears in the governmental funds as unavailable revenues that are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The General Fund has typically been used to liquidate such amounts.

Unearned/Unavailable Revenue

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned revenues at the government-wide level arise only when the City receives resources before it has a legal claim to them.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Fund Balance

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

The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either: (a) not in spendable form, or (b) are legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

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

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by resolution of the City Council. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The Council has by resolution authorized the City Manager to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned: This classification includes the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Position

Net position of the government-wide and proprietary funds are categorized as net investment in capital assets; restricted or unrestricted. Net investment in capital assets is that portion of net position that relates to the City's capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds. Restricted net position is that portion of net position that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City considers restricted funds to have been spent first.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Allowance for Doubtful Accounts

The City's contracted service provider processes receivables associated with emergency medical services (EMS). An allowance account of $3,308,806 is established for EMS receivables based on historical collection rates.

Date of Management Review

Subsequent events were evaluated through June 26, 2026, which is the date the financial statements were available to be issued.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

The City's deposits must be placed with banks and savings and loans which are qualified as public depositories prior to receipt of public monies under Chapter 280, Florida Statutes. At year-end, the carrying amount of the City's bank deposits was $55,556,311, and the bank balance was $56,032,489. As of September 30, 2025, all deposits are insured by the Federal Deposit Insurance Corporation up to $250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer in the collateral pool. The City's deposits of $55,556,311, which are in excess of the federal insured level of $250,000, are held in a qualified public depository and are covered by the covered by collateral held in the City's name.

Investments – City

The City is authorized to invest in obligations of the United States Treasury, its agencies, instrumentalities and the Local Government Surplus Funds Trust Fund administered by the State Board of Administration. The investments follow the investment rules defined in Florida Statutes Chapter 215. The investment policy defined in the statutes attempts to promote, through state assistance, the maximization of net investment earnings on invested surplus funds of local units of governments while limiting the risk to which the funds are exposed.

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – City (Continued)

The City has funds invested in the Local Government Surplus Funds Trust Fund (the "Florida PRIME"). Florida PRIME is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. Florida PRIME has adopted operating procedures consistent with the requirement for a 2a7-like fund. The City's investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares.

As of September 30, 2025, the City had the following investments:

	Fair Value	Investment Maturities (In Years)
Florida PRIME	$ 53,924	Less than 1

Interest Rate Risk

The City has an investment policy of structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools. The weighted average maturity of the securities held in Florida PRIME is 47 days.

Credit Risk

The City's investment policy limits investments to the highest ratings issued by a nationally recognized statistical rating organization (NRSRO). Florida PRIME is rated AAAm by Standard and Poor's.

Investments - Firefighters' Pension Plan

The Firefighters' Pension Plan is part of the Florida Municipal Pension Trust Fund ("FMPTF") which is an external investment pool (the "Pool") established for the purpose of funding the individually designed employee pension plans of the participating Florida municipalities. The assets of defined benefit plans are invested through the Florida Municipal Investment Trust (FMIvT), an external investment pool open to eligible units of local governments to invest in one or more investment portfolios under the direct and daily supervision of an investment advisor. FMIvT is not subject to SEC or other regulatory oversight. The FMIvT Board of Trustees provides oversight. The fair value of the positions in the FMIvT portfolios is the same as the value of the portfolio shares. The Florida League of Cities, Inc. serves as Administrator for both the Fund and FMIvT.

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments - Firefighters' Pension Plan (Continued)

As of September 30, 2025, the City's Firefighters' Pension Plan has the following required disclosures:

Credit Risk	Fitch Rating	Amount
Fixed Income Funds:		
FMIvT Broad Market High Quality Bond Fund	AAf/S4	$ 3,157,841
FMIvT Core Plus Fixed Income Fund	Not rated	2,921,003
Equity Portfolios:		
FMIvT Diversified Large Cap Equity Portfolio	Not rated	5,013,072
FMIvT Diversified Small to Mid Cap Equity Portfolio	Not rated	2,585,482
FMIvT International Equity Portfolio	Not rated	4,302,558
FMIvT Core Real Estate Fund	Not rated	1,598,657
		$ 19,578,613

Interest Rate Risk (in Years):		
Fixed Income Funds:	**Duration**	**WAM**
FMIvT Broad Market High Quality Bond Fund	5.56	7.10
FMIvtT Core Plus Fixed Income Fund	5.52	5.76

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

Level 1 - investments reflect unadjusted quoted prices in active markets for identical assets.

Level 2 - investments reflect prices that are based on a similar observable asset, either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 - investments reflect prices based upon unobservable sources.

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

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

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments - Firefighters' Pension Plan (Continued)

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

Investments classified as Level 3 for the FMIvt, in the table below, are valued based on significant unobservable inputs based on all information available in the circumstances to the extent observable inputs are not available. Shares of the underlying funds of the FMIvT Core Plus Fixed Income Fund are not publicly quoted. These underlying funds invest in a variety of financial instruments, including equity investments, asset-backed securities, swaps, forward exchange contracts, credit-linked notes, escrow accounts and litigation trusts for both U.S. and foreign companies and governments. Shares of the underlying fund of the FMIvT Core Real Estate Fund are also not publicly quoted. The underlying fund invests in core real estate in the U.S. The value of the investments was determined based on quarterly real estate appraisals which were calculated in accordance with generally accepted accounting principles.

Fair values of investments held by the City's Firefighters' Pension Plan are classified at September 30, 2025 as follows:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Instruments Valued at NAV
Florida Municipal Investment Trust Funds	$ 19,578,613	$ -	$ 15,058,953	$ 4,519,660	$ -

Additional information for investments measured at Level 3 is presented in the table below as of September 30, 2025.

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
FMIvT Core Plus Fixed Income Fund	$ 2,921,003	$ -	Monthly	1 Business Day
FMIvT Core Real Estate Portfolio	1,598,657	-	Quarterly	5 Business Days
	$ 4,519,660	$ -		

Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 3. PROPERTY TAXES

Property values are assessed on a county-wide basis by the Monroe County Property Appraiser as of January 1, the lien date, of each year and are due the following November 1st (levy date). Taxable value of property within the City is certified by the Property Appraiser and the City levies a tax millage rate upon the taxable value, which will provide revenue required for the fiscal year beginning October 1.

Property taxes levied each November 1 by the City and all other taxing authorities within the County, are centrally billed and collected by Monroe County, with remittances to the City of their proportionate share of collected taxes. Taxes for the fiscal year beginning October 1 are billed in the month of November, subject to a 1% per month discount for the periods November through February, and are due no later than March 31. On April 1, unpaid amounts become delinquent with interest and penalties added thereafter. Beginning June 1, tax certificates representing delinquent taxes with interest and penalties are sold by the County, with remittance to the City for its share of those receipts. At September 30, 2025, there were no significant delinquent taxes.

NOTE 4. RECEIVABLES AND PAYABLES

Receivables for the City's individual major funds, nonmajor funds and fiduciary fund in the aggregate, including the applicable allowances for uncollectible accounts as of September 30, 2025, are as follows:

	General	Capital Infrastructure	Nonmajor Governmental Funds
Customers billed	$ 3,777,837	$ -	$ -
Intergovernmental	587,561	389,140	72,050
Loans	-	-	920,000
Miscellaneous	58,004	-	-
Gross receivables	4,423,402	389,140	992,050
Less allowance for uncollectibles	(3,533,069)	-	-
Net receivables	$ 890,333	$ 389,140	$ 992,050

NOTE 4. RECEIVABLES AND PAYABLES (CONTINUED)

	Wastewater/ Stormwater	Nonmajor Enterprise Funds	Fiduciary Fund	Total
Customers billed	$ 540,977	$ -	$ -	$ 540,977
Intergovernmental	2,881,708	6,215	-	2,887,923
Loans	-	-	-	-
Miscellaneous	-	-	-	-
Contributions	-	-	387,734	387,734
Gross receivables	3,422,685	6,215	387,734	3,816,634
Less allowance for uncollectibles	-	-	-	-
Net receivables	$ 3,422,685	$ 6,215	$ 387,734	$ 3,816,634

Accounts payable and accrued liabilities for the City's individual major and nonmajor funds as of September 30, 2025 are as follows:

	General	Capital Infrastructure	Nonmajor Governmental Fund	Wastewater/ Stormwater	Nonmajor Enterprise Fund	Total
Vendors	$ 363,127	$ 38,193	$ 63,200	$ 1,256,725	$ 73,997	$ 1,795,242
Payroll liabilities	735,135	11,846	62,349	127,869	25,769	962,968
Retainage	-	5,200	-	336,581	-	341,781
Accrued interest	-	-	-	20,534	-	20,534
Total	$ 1,098,262	$ 55,239	$ 125,549	$ 1,741,709	$ 99,766	$ 3,120,525

NOTE 5. INTERFUND BALANCES AND TRANSFERS

The composition of interfund transfers is as follows:

	Transfer In			
Transfers Out	General Fund	Nonmajor Governmental Funds	Wastewater/ Stormwater Fund	Total
General Fund	$ -	$ 148,000	$ -	$ 148,000
Capital infrastructure Fund	478,668	1,185,860	650,000	2,314,528
Nonmajor Governmental Funds	717,326	-	-	717,326
Nonmajor Enterprise Fund	25,000	-	-	25,000
Wastewater/Stormwater Fund	360,306	-	-	360,306
Total	$ 1,581,300	$ 1,333,860	$ 650,000	$ 3,565,160

Transfers of $385,306 were made from the Marina and Wastewater/Stormwater Utility Enterprise Funds to the General Fund to support general administration costs.

Transfers of $530,574 were made from the Building Fund to the General Fund to support general administration costs.

NOTE 5. INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Transfers of $1,185,860 were made from the Debt Service Fund to the Capital Infrastructure Fund in order to fund capital outlays.

A transfer of $478,668 from the Capital Infrastructure Fund to the General Fund was made for the fiscal year 2025 10% of discretionary sales tax proceeds in accordance with the exception under Florida Statues for areas of Critical State concern.

A transfer of $110,418 was made from the Vehicle Replacement Fund to the Capital Infrastructure Fund for vehicle purchases.

Transfers of $650,000 from the Capital Infrastructure Fund to the Vehicle Replacement Fund was made for future vehicle purchases.

A transfer of $186,751 from the Impact Fees Fund to the General Fund was made to fund a transportation study.

A transfer of $148,000 from the General Fund to the Street Maintenance Fund was made to fund maintenance operations.

A transfer of $650,000 was made from the Capital Infrastructure Fund to the Wastewater/Stormwater Utility Enterprise Funds for annual debt service requirements.

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated					
Land	$ 16,312,247	$ -	$ -	$ -	$ 16,312,247
Intangibles	3,822	-	-	-	3,822
Construction in progress	499,842	593,116	-	-	1,092,958
Total capital assets, not being depreciated	16,815,911	593,116	-	-	17,409,027
Capital assets, being depreciated					
Buildings and structures	21,376,064	687,659	-	-	22,063,723
Improvements other than buildings	24,903,172	309,351	-	-	25,212,523
Fire equipment and vehicles	5,806,547	346,483	-	-	6,153,030
Furniture and equipment	3,798,736	290,390	-	-	4,089,126
Intangibles	7,600	-	-	-	7,600
Total capital assets, being depreciated	55,892,119	1,633,883	-	-	57,526,002
Less accumulated depreciation for					
Buildings and improvements	(8,565,928)	(669,078)	-	-	(9,235,006)
Improvements other than buildings	(14,465,418)	(1,176,277)	-	-	(15,641,695)
Fire equipment and vehicles	(4,342,678)	(352,005)	-	-	(4,694,683)
Furniture and equipment	(2,387,073)	(237,409)	-	-	(2,624,482)
Intangibles	(7,600)	-	-	-	(7,600)
Total accumulated depreciation	(29,768,697)	(2,434,769)	-	-	(32,203,466)
Total capital assets, being depreciated, net	26,123,422	(800,886)	-	-	25,322,536
Governmental activities capital assets, net	$ 42,939,333	$ (207,770)	$ -	$ -	$ 42,731,563

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities					
Capital assets, not being depreciated					
Land	$ 4,695,647	$ -	$ -	$ -	$ 4,695,647
Intangibles	1,618,093	-	-	-	1,618,093
Construction in progress	8,756,255	6,749,251	-	(3,998,475)	11,507,031
Total capital assets, not being depreciated	15,069,995	6,749,251	-	(3,998,475)	17,820,771
Capital assets, being depreciated					
Buildings	5,123,069	553,884	-	-	5,676,953
Improvements other than buildings	149,884,533	1,592,014	(130,355)	3,998,475	155,344,667
Land improvements	280,354	67,424	-	-	347,778
Intangibles	15,620	-	(15,620)	-	-
Equipment	3,930,939	1,724,389	(110,590)	-	5,544,738
Vehicles	1,853,845	112,050	-	-	1,965,895
Total capital assets, being depreciated	161,088,360	4,049,761	(256,565)	3,998,475	168,880,031
Less accumulated depreciation for					
Buildings	(1,910,619)	(208,669)	-	-	(2,119,288)
Improvements other than buildings	(58,332,379)	(5,583,982)	130,355	-	(63,786,006)
Land improvements	(246,750)	(12,602)	-	-	(259,352)
Intangibles	(15,620)	-	15,620	-	-
Equipment	(2,666,418)	(420,027)	109,574	-	(2,976,871)
Vehicles	(1,269,788)	(161,203)	-	-	(1,430,991)
Total accumulated depreciation	(64,441,574)	(6,386,483)	255,549	-	(70,572,508)
Total capital assets, being depreciated, net	96,646,786	(2,336,722)	(1,016)	3,998,475	98,307,523
Business-type activities capital assets, net	$ 111,716,781	$ 4,412,529	$ (1,016)	$ -	$ 116,128,294

Depreciation was charged to functions/programs of the City as follows:

Governmental activities	
General government	$ 632,910
Public safety	422,672
Community services	1,247,331
Community development	131,856
Total provision for depreciation - governmental activities	$ 2,434,769

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

Business-type activities	
Enterprise - Wastewater/Stormwater	$ 6,150,157
Enterprise - Marina	236,326
Total provision for depreciation - business-type activities	$ 6,386,483

NOTE 7. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the City for governmental activities for the year ended September 30, 2025:

	Balance October 1, 2024	Increases	Decreases	Transfers	Balance October 1, 2025	Due Within One Year
Governmental Activities						
Direct borrowings and private placements						
Bonds payable						
Series 2013A	$ 2,667,302	$ -	$ 510,000	$ -	$ 2,157,302	$ 705,000
Loan payable - 7 Mile	600,000	-	600,000	-	-	-
Compensated absences payable	747,175	20,551	-	-	767,726	76,773
Total other post-employment benefit liability	89,028	234,503	126,757	-	196,774	-
Governmental activities, long-term debt	$ 4,103,505	$ 255,054	$ 1,236,757	$ -	$ 3,121,802	$ 781,773

Public Improvement Refunding Revenue Bonds, Series 2013A: During fiscal year 2014, the City issued $ 10,000,000 in Public Improvement Refunding Revenue Bonds Series 2013A for the purposes of refinancing the Improvement Revenue Bond, Series 2004 and to finance the construction and acquisition of certain capital projects, including a City Hall. The bonds bear interest at 2.59%, subject to adjustments based on occurrence of a determination of taxability event and by margin factor as calculated by vendor, with quarterly principal and interest payments due through January 1, 2028. Effective November 1, 2018, the interest rate was increased to 3.09% due to a change in the corporate tax rate. The bonds are secured by certain non ad-valorem revenues of the City. The Series 2013A Bond may be prepaid at the option of the City in whole or in part, at any time, together with a prepayment penalty equal to the greater of: (i) 1% of the principal balance being prepaid multiplied by the remaining term in years or, (ii) a yield maintenance fee as outlined in the Bond Indenture.

If any principal or interest on the Series 2013A Bond is not paid when due, from the date three days after such default, the Series 2013A Bond shall bear interest at the interest rate plus 4.00%. Further, if any principal or interest on the Series 2013A Bond is not paid within 15 days of the payment date, a late charge of 6% of the overdue payment shall be assessed. In no event shall the Series 2013A Bond bear interest in excess of the highest rate of interest allowed by applicable law.

Annual debt service requirements of the Public Improvement Refunding Revenue Bonds Series 2013A are as follows:

September 30,	Principal	Interest	Total
2026	$ 705,000	$ 53,217	$ 758,217
2027	910,000	31,317	941,317
2028	542,302	2,856	545,158
	$ 2,157,302	$ 87,390	$ 2,244,692

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Note Payable: Previously, the City issued a $ 2,000,000 note payable for the purposes of financing the acquisition of real property. The note bears interest at 3.00%, with annual principal and interest payments due through December 31, 2025. The note was paid off during the year ended September 30, 2025.

The following is a summary of changes in long-term liabilities of the City's business-type activities for the year ended September 30, 2025:

	Balance October 1, 2024	Increases	Decreases	Balance October 1, 2025	Due Within One Year
Business-Type Activities					
Direct borrowings and private placements					
Loans payable					
State revolving fund					
Loan program	$ 25,426,483	$ -	$ 4,084,119	$ 21,342,364	$ 4,179,926
Compensated absences payable	309,491	14,119	-	323,610	32,361
Other post-employment benefit laibility	27,959	73,645	43,897	57,707	-
Business-type activities, long-term debt	$ 25,763,933	$ 87,764	$ 4,128,016	$ 21,723,681	$ 4,212,287

State Revolving Fund Loans: As of September 30, 2025, the City has three revolving loan agreements with the State of Florida Department of Environmental Protection Clean Water State Revolving Fund Loan program to finance its wastewater and stormwater utility capital projects. The loans are collateralized by a pledge of the wastewater and stormwater non-ad valorem assessments. The loans require the City to provide pledged revenues equal to or exceeding 1.15 times the sum of the loan amounts due in each fiscal year. For the year ending September 30, 2025, the City met this ratio. The breakdown as of September 30, 2025 of the total amounts authorized, the fixed weighted average interest rates, the estimated semi-annual payment amount and the amounts drawn to date on each loan is as follows:

SRF Loan Agreement	Total Loan Authorized Amount	Interest Rate	Semi-Annual Payment Amount	Total Obligation September 30, 2025
WW 63702P	$ 31,308,211	2.25-2.54%	$ 1,010,699	$ 7,665,542
WW 637060	21,541,520	2.08-2.73%	710,253	8,484,960
WW 637020	17,131,172	2.08%	607,285	5,191,862
	$ 69,980,903		$ 2,328,237	$ 21,342,364

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements of the State Revolving Fund loans are approximately as follows:

September 30,	Principal	Interest	Total
2026	$ 4,179,926	$ 476,548	$ 4,656,474
2027	4,277,996	378,477	4,656,473
2028	4,378,385	278,088	4,656,473
2029	4,481,150	175,323	4,656,473
2030-2032	4,024,907	133,640	4,158,547
	$ 21,342,364	$ 1,442,076	$ 22,784,440

The State Revolving Fund Loan arrangements discussed above include other financial provisions for events of defaults such as failure to make monthly deposits and semiannual loan payments, violation of covenants or actions required by the arrangements with such failure continuing for a period of 60 days after written notice, insolvency-bankruptcy, and false representations. Non-payment may result in acceleration of the repayment schedule or increasing the financing rate on the unpaid principal balance to as much as 1.667 times the financing rate. The lender may also seek enforcement of and exercise all remedies available and allowed by law.

Risk Management: The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City purchases commercial insurance. There was no reduction in insurance coverage from coverages in the prior year. Settlement amounts have not exceeded insurance coverage during the past three years.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Litigation: The City is a defendant in various lawsuits including personal injury, property damage, and other miscellaneous claims. For one of these cases, there is a reasonable possibility that a loss has been incurred. The City estimates its possible exposure could be between $ 2,000,000 and $4,000,000. Due to the uncertainty of the outcome, no liability has been recorded in the financial statements for this case. The remainder of the legal proceedings are incidental to the City's operations, the outcome of which, in the opinion of management and legal counsel, would not have a material adverse effect on the financial condition of the City.

NOTE 8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

A third-party filed an inverse condemnation claim against the City alleging that zoning regulations deprived the owners of all economically beneficial use of a 7.91-acre offshore island. After a non-jury trial, the court initially ruled in favor of the City, but this decision was reversed on appeal. In February 2025, the appellate court found that the City's regulations resulted in a regulatory taking and remanded the case to determine the amount of compensation owed to the property owners. The City has $1,000,000 of liability insurance coverage for this claim. The estimated potential loss, including attorneys' fees and costs, ranges from $3,000,000 to $5,000,000. No accrual has been recorded as the outcome remains uncertain and further appellate review is being pursued.

Consent Decree: Subsequent to year-end, the City Council of the City entered into a consent decree with the Friends of the Lower Keys, LLC (FOLKS). Under the decree, the City shall construct all infrastructure necessary to permanently convey all of its Advanced Wastewater Treatment Effluent to a Deep Well Injection for disposal by no later than December 31, 2028. The City is required to pay $1,000 per day for non-compliance with the Deep Well Injection Project deadline as included in the consent decree. The City estimates the cost of the project to be $43,000,000. The only issue that remains pending is FOLKS claim for attorneys fees and costs. The City plans on funding this project with the use of grant funding combined with new debt.

Grant Contingency: Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Construction Commitment: At September 30, 2025 the City had the following outstanding construction commitments:

Project	Total Project Authorization	Expended at September 30, 2025	Contracts and Retainage Payable	Remaining Commitment
CDBG Power Surge	$ 4,570,705	$ 4,315,579	$ 278,298	$ 255,126
Skate Park	1,155,300	98,800	5,200	1,056,500
Sombrero Beach Road	5,023,551	1,769,764	472,666	3,253,787
Deep Well - Phase 1	5,321,846	105,735	8,193	5,216,111
Integrated Fire and Security Solutions	98,636	-	4,754	98,636
	$ 16,170,038	$ 6,289,878	$ 769,111	$ 9,880,160

NOTE 8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Agreement for Police Services: The City has a contract with Monroe County Sheriff's Office (the "Sheriff") to provide professional police services through September 2027. Pursuant to the agreement, the Sheriff will provide law enforcement coverage within the City. Services for the fiscal year ending September 30, 2025 are budgeted to be approximately $ 2,655,100. Costs for police services for the year ended September 30, 2025 were approximately$ 2,532,100.

Collective Bargaining Agreement: The City has a collective bargaining agreement between the City and the professional firefighters of Marathon, International Association of Firefighters Local 4396. The agreement is effective through September 30, 2026 (and shall be renewed on an annual basis thereafter, unless either party provides the other written notice of its intent to terminate or modify the agreement not less than ninety days prior to expiration date).

Agreement to Provide Fire Rescue and Emergency Medical Services: The City entered into an extension of its interlocal agreement for the provision of fire rescue and emergency medical services to Key Colony Beach ("KCB") by the City's own fire rescue department through September 30, 2026 at an annual rate of $700,000 reviewed annually. Fees received for these services for the year ended September 30, 2025 were $937,000 from ad valorem revenue and $25,000 from KCB's discretionary sales tax revenues.

NOTE 9. DEFINED CONTRIBUTION PLANS

The City as a single-employer contributes to the City of Marathon Money Purchase Plan, which is a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). Under the Plan, the City contributes 10% for employees hired prior to August 9, 2011 and 5% for those hired thereafter. Normal retirement is defined as age 59-1/2. The employees are not required to make contributions and are fully vested on their first day of employment. Amendments to the Plan must be authorized by the City Council.

The City also has a deferred compensation pension plan created in accordance with the Internal Revenue Service Code Section 457(b). The City Manager and City Attorney receive an automatic 10% contribution with no match requirement.

The 401(a) and 457(b) plans mentioned above are administered by ICMA Retirement Corporation. The City provided contributions to these plans for the year ended September 30, 2025 of approximately $564,339.

NOTE 10. EMPLOYEE PENSION PLANS

Firefighters' Pension Plan

Plan Description: The City established The City of Marathon Firefighters' Pension Plan and Trust Fund (the Plan) as a Local Law Plan in accordance with Chapter 175, Florida Statutes on October 1, 2005 as per a City adopted ordinance. The Plan is a single-employer, defined benefit plan that covers all full-time firefighters. This replaces the previous Firefighters Pension Fund first created on December 9, 2003 and is treated as a newly created Plan from an actuarial standpoint. From a financial statement perspective, the ending net position of the old Plan became the beginning net position of the new Plan on October 1, 2005. The administrative duties for this Plan are handled through the Florida Municipal Pension Trust Fund ("FMPTF"). A more detailed description of the Plan appears in the ordinances constituting the Plan and in the Summary Plan Description. The Plan does not issue a stand-alone financial report, but is included in the reporting entity of the City as a pension trust fund. Amendments to the Plan document can only be authorized by the City Council.

The Board of Trustees is comprised of the following five members: two of the members shall be legal residents of the City and are appointed by the City Council; two of the members shall be full-time firefighters of the City elected by a majority of the active firefighters who are members of the Plan; and the fifth member of the Board shall be chosen by a majority of the previous four Board members. The name of the fifth Board member is then submitted to City Council who appoints such person to the Board.

Basis of Accounting: The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. City contributions are recognized when due pursuant to actuarial valuations. State contributions are recognized as revenue in the period in which they are approved by the State of Florida. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs of the Plan are financed through investment earnings.

NOTE 10. EMPLOYEE PENSION PLANS (CONTINUED)

Firefighters' Pension Plan (Continued)

Investments: Investment Policy. The policy regarding the allocation of invested assets is established by its Board of Trustees which currently has all of its funds invested in the Florida Municipal Pension Trust Fund, 60% equities and 40% fixed income - Fund A Option. The investment policy may be amended by the Board by a majority vote of its trustees. It is the policy of the Board of Trustees to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Overall asset allocation targets are reviewed on an annual basis. The following is the adopted asset allocation policy as of September 30, 2025:

Asset Class/Investment Category	Target Allocation
Equity Securities and Similar Funds	
U.S. Large Cap Equity	25.00%
U.S. Small Cap Equity	14.00%
Non-U.S. Equity	21.00%
Real Estate	10.00%
Fixed Income and Similar Funds	
Core Bonds	15.00%
Multi-Sector	15.00%
Total	100.00%

Concentrations: Governmental entities need to disclose the concentration of credit risk with a single issuer. If 5.00% or more of the total assets of the portfolio are invested with one issuer, an additional disclosure is required. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are excluded from the concentration of credit risk disclosure requirements. There were no individual investments that represent 5.00% or more, at September 30, 2025, that met the criteria for disclosure.

Rate of Return: For the year ended September 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Method used to value investments: Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Net appreciation/depreciation in fair value of investments includes realized and unrealized gains and losses. Interest and dividends are reported in investment earnings. Realized gains and losses are determined on the basis of specific cost. Purchases and sales are recorded on the trade-date basis.

NOTE 10. EMPLOYEE PENSION PLANS (CONTINUED)

Firefighters' Pension Plan (Continued)

Reserves: Chapter 175, Florida Statutes, established a revenue sharing program whereby participating local governments can receive a portion of the state excise tax of property and casualty insurance premiums collected in their jurisdictions to fund pension benefits for firefighters. Chapter 99-1, Laws of Florida amended Chapter 175 to require future increases in premium tax revenues over those received in 1997 must be used solely to pay for extra retirement benefits for firefighters. Since these increases in premiums tax revenues do not support current benefits the City has recorded a liability of$ 293,414 for the monies received as of September 30, 2025. With the overage funding, the City agreed to establish a defined contribution shared account (Share Plan) as part of the defined befit plan for each active and future members of the pension plan.

Pension Benefits: Normal retirement is defined by the Plan as the attainment of age 55 with six years of credited service or 20 years of credited service with no age requirement. Upon normal retirement, participants are entitled to 3.5% of their average final compensation for each year of credited service. Benefit options include a ten year certain payout or a life annuity. Early retirement is defined by the Plan as the attainment of age 50 with six years of credited service. Upon early retirement, accrued benefits are reduced by 3% per year.

At October 1, 2023, the following employees were covered by the pension benefits:

Inactive employees or beneficiaries currently receiving benefit	1
Inactive employees entitled to but not receiving benefit	15
Active plan members	28
Total members	44

Deferred Retirement Option Program: Members who continue in employment after reaching their normal retirement date may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option Plan (DROP). Each participant in the DROP has an account credited with benefits not received plus interest. Participation in the DROP must end no later than 84 months after normal retirement. These benefit provisions and all other requirements are established by City ordinance. The City had one member participating in the DROP for the year ending September 30, 2025 with a balance of $76,995.

NOTE 10. EMPLOYEE PENSION PLANS (CONTINUED)

Firefighters' Pension Plan (Continued)

Contributions and Funding Policy: Firefighters are required to contribute 5% of their salary to the Plan. Contributions from the State of Florida are based on the amount of fire insurance premiums written by private insurers on property within City limits. The City is required to contribute if there is any shortfall between the State's contributions and funding requirements of the Plan.

The City executed a collective bargaining agreement with the firefighter's union. A portion of the agreement addresses the City's firefighter pension contributions. The City would like to try and limit its required contribution to 12% of employee's pensionable pay. If the City is unable to achieve and maintain a net required contribution to the Plan at 12% of compensation or less, and the City's required net contribution actually exceeds 12% of compensation, the City will use the stabilization fund to reduce the net contribution to 12%. If the net contribution is still above 12% the Union agrees to use the excess 175 premium money disbursement for the year to decrease the City's required net contribution to 12%. If the City's net contribution is still above 12% after using the stabilization fund and the excess 175 premium money, the Union agrees to automatically increase the member contribution 1% of compensation for each $25,000 (or part thereof) by which the City's net required contribution exceeded 12% of compensation not to exceed a total member contribution of 15% of compensation.

In the event the City's required net contribution is less than 12% of compensation, the difference will be set aside in a stabilization fund to be applied toward the short fall in any future year in which the City's required net contribution exceeds 12% of compensation. As of September 30, 2025, no funding has been set aside in the General Fund.

The required contribution including interest to the Plan as determined by the actuarial valuation was $1,337,235 for the year ended September 30, 2025. Contributions from the State totaled $269,130, which was applied to the Plan. State contributions are recognized as both revenue and expenditure during the period in the General Fund.

Net Pension Liability (Asset) of the City: The City's net pension liability (asset) was determined based on a measurement date of September 30, 2024.

NOTE 10. EMPLOYEE PENSION PLANS (CONTINUED)

Firefighters' Pension Plan (Continued)

Contributions and Funding Policy (Continued):
The components of the net position (asset) liability of the City at September 30, 2025, were as follows:

	Firefighters' Pension Plan
Total pension liability	$ 14,602,473
Plan fiduciary net postion	17,142,358
City's net pension (asset)	$ (2,539,885)
Plan fiduciary net position as a percentage of total pension liability	-117.39%

Actuarial Assumptions: The total net pension liability at September 30, 2024 was determined by using (asset) actuarial valuations as of October 1, 2023. The actuarial valuations used the following actuarial assumptions:

Salary increases	4.0%, average, including inflation.
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation.
Motality rates	PUB-2010 Head Count Mortality Table with Scale MP-2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Core bonds	1.6%
Multi-sector	2.1%
U.S. large cap equity	4.6%
U.S. small cap equity	5.5%
Non-U.S. equity	6.7%
Real estate	5.0%

NOTE 10. EMPLOYEE PENSION PLANS (CONTINUED)

Firefighters' Pension Plan (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contribution will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes In Net Pension Liability (Asset):

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at September 30, 2023	$ 12,131,720	$ 13,341,550	$ (1,209,830)
Changes for the year:			
Service cost	820,852	-	820,852
Interest cost	898,678	-	898,678
Contributions - employer	-	983,151	(983,151)
Contributions - nonemployer contributing member	-	153,089	(153,089)
Differences between expected and actual experience	821,748	-	821,748
Net increase (decrease) in fair value of investments	-	2,770,839	(2,770,839)
Benefit payments, including refunds of member contributions	(70,525)	(70,525)	-
Administrative expenses	-	(35,746)	35,746
Net changes	2,470,753	3,800,808	(1,330,055)
Balances at September 30, 2024 measurement date	$ 14,602,473	$ 17,142,358	$ (2,539,885)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's net pension liability (asset)	$ (64,032)	$ (2,539,885)	$ (4,219,263)

NOTE 10. EMPLOYEE PENSION PLANS (CONTINUED)

Firefighters' Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions: For the year ended September 30, 2025, the City recognized pension expense of $471,982 for this Plan. At September 30, 2025 the City reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to year-end	$ 1,225,834	$ -
Differences between expected and actual experience	873,454	769,527
Changes of assumptions	207,313	20,321
Net difference between projected and actual earning on pension plan investments	-	663,714
Total	$ 2,306,601	$ 1,453,562

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 subsequent reporting period ending September 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	
2026	$ (181,277)
2027	139,146
2028	(399,368)
2029	(225,858)
2030	93,137
Therafter	201,425
Total	$ (372,795)

NOTE 11. OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS

The City previously implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 specifies that governments must recognize their total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments, rather than the smaller net OPEB obligation based on contribution requirements, under GASB Statement No. 45.

NOTE 11. OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Plan Description and Funding Policy: Employees who retire from the City and their dependents are eligible to continue to participate ("single employer plan") in the City's health insurance plan currently offered through the City at the "blended" employee group rate which, is determined annually by the City. The retiree must continue to meet all participation requirements and pay all applicable premiums by the specified due date.

The City provides no funding for any portion of the premiums after retirement. However, the City recognizes that there is an "implicit subsidy" arising as a result of the blended rate premium since retiree health care costs, on average are higher than active employee healthcare costs. The plan is not accounted for as a trust fund and an irrevocable trust has not been established to fund this plan. The plan does not issue a separate financial report. It is the City's current policy to fund the plan on a "pay-as-you-go" basis from the General Fund.

The following table provides a summary of the number of participants in the plan as of October 1, 2024:

Active plan members	111

Actuarial Methods and Assumptions: The actuarial valuation of the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits in force at the valuation date and the historical pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The total OPEB liability at September 30, 2025 was based on an actuarial valuation dated October 1, 2024 with a measurement date of September 30, 2025, using the following actuarial assumptions:

Actuarial cost method	Entry age normal
Discount rate	4.90%
Salary increases	3.50%
Mortality	Mortality rates are based on the PUB-2010 General Employees headcount-weighted Mortality fully generational using Scale MP-2021, and PUB-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021.
Healthcare cost trend rates	Trend rate of 9.03% gradually decreasing to an ultimate trend rate of 4.54%.

NOTE 11. OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Discount Rate: The discount rate used to measure the total OPEB liability at September 30, 2025 was 4.90%. Because the City's OPEB costs are funded on a pay-as-you-go funding structure, a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date was used to determine the total OPEB liability. The discount rate was 4.90% as of the beginning of the measurement year.

Total OPEB Liability of the City: The components of the City's net OPEB liability at September 30, 2025, are as follows:

Total OPEB liability	$	254,481
OPEB Plan fiduciary net position		-
City's net OPEB liability	$	254,481
OPEB Plan fiduciary net position as a percentage of total OPEB liability		0.00%

Changes in Total OPEB Liability:

Measurement year ended September 30, 2025		
Total OPEB liability:		
Service cost	$	32,467
Assumption changes		(160,562)
Difference between actual and expected experience		158,713
Plan change		104,845
Interest on total OPEB liability		12,123
Benefit payments		(10,092)
Net change in total OPEB liability		137,494
Total OPEB liability, beginning		116,987
Total OPEB liability, ending	$	254,481

NOTE 11. OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability, calculated using the discount rate of 4.90%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than current discount rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Total OPEB liability	$ 284,103	$ 254,481	$ 227,875

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower or one percentage-point higher than the current trend rate:

	1% Trend Decrease	Trend Rate Assumption	1% Trend Increase
Total OPEB liability	$ 214,338	$ 254,481	$ 304,624

OPEB Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2025 the City recognized OPEB expense $132,073. At September 30, 2025, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 117,182	$ 181,593
Differences between expected and actual experience	145,303	177,529
Total	$ 262,485	$ 359,122

NOTE 11. OTHER POST-EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

OPEB Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued):
Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,	Deferred Outflows/ Inflows of Resources
2026	$ (5,691)
2027	(3,985)
2028	(3,985)
2029	(24,939)
2030	(33,587)
Therafter	(24,450)
	$ (96,637)

NOTE 12. CHANGE IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB Statement No. 101, Compensated Absences, the City is required to recognize liabilities for compensated absences for: (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if: (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Therefore, in conjunction with the implementation of GASB Statement No. 101, an adjustment to beginning net position was required to properly report compensated absences as of October 1, 2024, as follows:

	Governmental Activities	Business-Type Activities	Water and Stormwater Fund	Marina Fund
Net Position, as previously reported	$ 90,993,944	$ 94,789,629	$ 91,789,631	$ 2,999,998
Change in Accounting Principle	(392,673)	(200,115)	(130,841)	(69,274)
Net Position, as previously reported	$ 90,601,271	$ 94,589,514	$ 91,658,790	$ 2,930,724

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Marathon, Florida

BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND
SEPTEMBER 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 10,122,580	$ 10,122,580	$ 10,130,700	$ 8,120
Intergovernmental	3,264,184	3,533,314	3,266,988	(266,326)
Licenses and permits	1,274,280	1,274,280	1,423,349	149,069
Charges for services	1,745,000	1,745,000	1,769,471	24,471
Fines and forfeitures	2,068,800	2,068,800	2,310,527	241,727
Communications services taxes	522,635	522,635	487,851	(34,784)
Interest	875,000	875,000	886,228	11,228
Miscellaneous	62,000	62,000	27,752	(34,248)
Total revenues	19,934,479	20,203,609	20,302,866	99,257
Expenditures:				
Current:				
General government:				
Elected officials	701,075	701,075	690,758	10,317
Administration	3,670,862	3,670,862	3,313,665	357,197
Legal	587,821	587,821	470,789	117,032
Capital outlay	-	-	-	-
Total general government	4,959,758	4,959,758	4,475,212	484,546
Public safety:				
Police	2,655,112	2,655,112	2,532,134	122,978
Fire/EMS	8,155,853	8,424,983	8,441,505	(16,522)
Total public safety	10,810,965	11,080,095	10,973,639	106,456
Community services:				
Public works	1,618,291	1,618,291	1,581,620	36,671
Parks and recreation	2,207,216	2,207,216	1,856,485	350,731
Near Shore Waters	12,100	12,100	21,836	(9,736)
Total community servies	3,837,607	3,837,607	3,459,941	377,666
Community development	1,973,674	1,973,674	1,438,351	535,323
Capital outlay	74,000	74,000	22,107	51,893
Total expenditures	21,656,004	21,925,134	20,369,250	1,555,884
Excess (deficiency) of revenues over (under) expenditures	(1,721,525)	(1,721,525)	(66,384)	1,655,141
Other financing uses				
Transfers in	1,906,335	1,906,335	1,581,300	(325,035)
Transfers out	(148,000)	(148,000)	(148,000)	-
Total other financing sources uses	1,758,335	1,758,335	1,433,300	(325,035)
Change in fund balance	36,810	36,810	1,366,916	1,330,106
Fund balance, beginning of year	26,402,961	26,402,961	26,402,961	-
Fund balance, end of year	$ 26,439,771	$ 26,439,771	$ 27,769,877	$ 1,330,106

NOTE 11. BUDGETS AND BUDGETARY ACCOUNTING

An annual appropriated budget is adopted for the General Fund, Street Maintenance Fund, Capital Infrastructure Fund, Impact Fees Fund, Vehicle Replacement Fund, Restoration Fund, Affordable Housing Fund, Building Fund, Community Development Block Grant Fund and the Debt Service Fund on a basis consistent with accounting principles generally accepted in the United States. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

a. Annually, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1st. The operating budget includes proposed expenditures and the means of financing them.
b. Public hearings are conducted to obtain taxpayer comments.
c. Prior to October 1st, the budget is legally enacted through passage of a resolution.
d. The City Council, by motion, may make supplemental appropriations for the year up to the amount of revenues in excess of those estimated.
e. The City Manager is authorized to transfer budget amounts within the departments within any fund. However, any revisions that alter the total appropriations of any department must be approved by the City Council. Therefore, the legal level of control is at the department level.
f. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
g. Appropriations which are neither expended no specifically designated to be carried over, lapse at the end of the fiscal year.
h. Expenditures exceeded appropriations in the Fire/EMS Department ($16,522) and Near Shore Waters Department ($9,736) within the General Fund.

Required Supplementary Information

Last Ten Years

Schedule of Changes in Net Position Liability (Asset) and Related Ratios – Firefighters' Pension Trust Fund

Fiscal Year: **Measurement Date:**	**9/30/2025** **9/30/2024**	**9/30/2024** **9/30/2023**	**9/30/2023** **9/30/2022**	**9/30/2022** **9/30/2021**	**9/30/2021** **9/30/2020**	**9/30/2020** **9/30/2019**	**9/30/2019** **9/30/2018**	**9/30/2018** **9/30/2017**	**9/30/2017** **9/30/2016**
Total pension liability									
Service cost	$ 820,852	$ 704,709	$ 715,229	$ 592,561	$ 630,244	$ 646,079	$ 579,233	$ 526,211	$ 465,383
Interest	898,678	812,101	721,629	660,198	588,136	523,895	451,266	411,938	346,447
Differences between expected and actual experience	821,748	(298,173)	(81,437)	(416,124)	(605,574)	366599	(102,921)	-558330	44937
Changes of assumptions	-	-	-	-	500,500	(50,801)	-	124,828	-
Benefit payments, including refunds of member contributions	(70,525)	(55,843)	(25,275)	(78,831)	(45,308)	(23,951)	(28,124)	(38,480)	(50,293)
Net change in total pension liability	2,470,753	1,162,794	1,330,146	757,804	1,067,998	1,461,821	899,454	466,167	806,474
Total pension liability-beginning	12,131,720	10,968,926	9,638,780	8,880,976	7,812,978	6,351,157	5,451,703	4,985,536	4,179,062
Total pension liability-ending (a)	14,602,473	12,131,720	10,968,926	9,638,780	8,880,976	7,812,978	6,351,157	5,451,703	4,985,536
Plan fiduciary net position									
Contributions-employer	702,787	552,133	138,136	191,316	266,084	185,139	158,078	223,687	157,589
Contributions-member	153,089	118,535	102,641	100,855	90,890	99,496	89,805	107,272	79,045
Contributions-nonemployer contributing member	280,364	-	166,081	148,494	158,031	150,076	140,288	143,010	163,986
Net investment income	2,770,839	1,034,435	(1,813,868)	2,126,541	633,881	497,134	608,666	923,540	490,850
Benefit payments, including refunds of member contributions	(70,525)	(55,843)	(25,275)	(78,831)	(45,308)	(23,951)	(28,124)	(38,480)	(50,293)
Administrative expenses	(35,746)	(44,958)	(41,685)	(62,685)	(51,932)	(48,082)	(34,743)	(31,860)	(24,668)
Net change in plan fiduciary net position	3,800,808	1,604,302	(1,473,970)	2,425,690	1,051,646	859,812	933,970	1,327,169	816,509
Plan fiduciary net position-beginning	13,341,550	11,737,248	13,211,218	10,785,528	9,733,882	8,874,070	7,940,100	6,612,931	5,796,422
Plan fiduciary net position-ending (b)	17,142,358	13,341,550	11,737,248	13,211,218	10,785,528	9,733,882	8,874,070	7,940,100	6,612,931
City net pension liability (asset)-ending (a)-(b)	$ (2,539,885)	$ (1,209,830)	$ (768,322)	$ (3,572,438)	$ (1,904,552)	$ (1,920,904)	$ (2,522,913)	$ (2,488,397)	$ (1,627,395)
Plan fiduciary net position as a percentage of the total pension liability (asset)	117.39%	109.97%	107.00%	137.06%	121.45%	124.59%	139.72%	145.64%	132.64%
Covered payroll	2,092,371	1,898,694	1,957,500	1,655,777	1,760,652	1,969,908	1,759,178	1,602,399	1,502,540
City's net pension liability (asset) as a percentage of covered payroll	-121.39%	-63.72%	-39.25%	-215.76%	-108.17%	-97.51%	-143.41%	-155.29%	-108.31%

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' PENSION TRUST FUND

Reporting period ending	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Actuarially determined contribution	$1,337,235	$ 780,141	$ 552,133	$ 340,802	$ 362,260	$ 365,080	$ 320,324	$ 294,839	$ 362,276	$ 317,899
Contributions in relation to the actuarially determined contribution	1,225,834	901,508	552,133	304,217	339,810	424,115	335,215	298,366	366,697	321,575
Contribution deficiency (excess)	$ 111,401	$ (121,367)	$ -	$ 36,585	$ 22,450	$ (59,035)	$ (14,891)	$ (3,527)	$ (4,421)	$ (3,676)
Covered payroll	$2,680,547	$2,092,371	$1,898,694	$1,957,500	$1,655,777	$1,760,652	$1,969,908	$1,759,178	$1,602,399	$1,502,540
Contributions as a percentage of covered payroll	45.73%	43.09%	29.08%	15.54%	20.52%	24.09%	17.02%	16.96%	22.88%	21.40%

Notes to the Schedule:

Valuation date: October 1, 2023

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Investment rate of return	7.00%
Retirement rate	100% at normal retirement age
Mortality	Post-Retirement - Sex distinct rates set forth in the PUB-2010 Headcount-Weighted Employee Mortality Table for public safety employees, with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year Post-Retirement - For non-disabled retirees, sex-distinct rates et forth in the PUB-2010 Headcount-Weighted Healthy Retiree Mortality Table for public safety employees, with full generational improvements in mortality using Scale MP-2018 and with ages set forward one year; for disabled retirees, sex-distinct rates set forth in the PUB-2010 Headcount-Weighted Disabled Retiree Mortality Table (80% general employee rates plus 20% public safety employee rates), with full generational improvements in mortality using Scale MP-2018

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION INVESTMENT RETURNS
FIREFIGHTERS' PENSION TRUST FUND

Measurement date	9/30/2025	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016
Annual money-weighted rate of return, net of investment expenses	8.28%	19.82%	8.61%	-13.28%	19.42%	6.60%	5.40%	3.63%	11.58%	8.11%

REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT YEARS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Fiscal Year-End Measurement Date	**9/30/25**	**9/30/24**	**9/30/23**	**9/30/22**	**9/30/21**	**9/30/20**	**9/30/19**	**9/30/18**
Total OPEB liability								
Service cost	$ 32,467	$ 21,390	$ 18,621	$ 19,437	$ 97,393	$ 95,343	$ 50,667	$ 49,670
Interest	12,123	4,356	5,172	4,629	18,084	16,297	14,692	12,033
Changes of benefit terms	104,845	-	-	(564,688)	-	-	-	-
Differences between expected and actual experience	158,713	(56,578)	-	(223,982)	-	445	26,763	21,526
Changes of assumptions	(160,562)	22,487	(6,147)	(54,901)	-	281,376	-	-
Benefit payments	(10,092)	(3,399)	(5,782)	(5,801)	(28,826)	(28,219)	(10,736)	(9,665)
Net change in total OPEB liability	137,494	(11,744)	11,864	(825,306)	86,651	365,242	81,386	73,564
Total OPEB liability - beginning	116,987	128,731	116,867	942,173	855,522	490,280	408,894	335,330
Total OPEB liability - ending	$ 254,481	$ 116,987	$ 128,731	$ 116,867	$ 942,173	$ 855,522	$ 490,280	$ 408,894
Covered - employee payroll	$ 11,371,232	$ 6,810,740	$ 5,030,943	$ 4,860,815	$ 5,741,403	$ 5,585,022	$ 6,127,014	$ 5,967,531
Total OPEB liability as a percentage of covered - employee payroll	2.24%	1.72%	2.56%	2.40%	16.41%	15.32%	8.00%	6.85%

Notes to Schedule:

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

No assets are accumulated in a trust that meets all of the crieteria of GASB No. 75, *paragraph 4,* to pay benefits.

The firefighters discontinued participation in the City's Plan effective 1/21/21.

OTHER SUPPLEMENTARY INFORMATION

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COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	Special Revenue Funds						
	Impact Fees Fund	Affordable Housing Fund	Restoration Fund	Building Fund	Street Maintenance Fund	Debt Service Fund	Nonmajor Governmental Funds
Assets:							
Cash and cash equivalents	$ 3,656,877	$ 3,380,192	$ 1,170,935	$ 3,586,538	$ 780,516	$ -	$ 12,575,058
Investments	-	-	-	-	16,348	-	16,348
Receivables	-	920,000	-	-	-	-	920,000
Due from other governments	-	-	-	-	72,050	-	72,050
Total assets	$ 3,656,877	$ 4,300,192	$ 1,170,935	$ 3,586,538	$ 868,914	$ -	$ 13,583,456
Liabilities and fund balances							
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 85,529	$ 40,020	$ -	$ 125,549
Fund balances:							
Restricted:							
Street maintenance	-	-	-	-	828,894	-	828,894
Building department	-	-	-	3,501,009	-	-	3,501,009
Committed for:							
Infrastructure improvements	3,656,877	-	-	-	-	-	3,656,877
Affordable housing	-	4,300,192	-	-	-	-	4,300,192
Restoration projects	-	-	1,170,935	-	-	-	1,170,935
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	3,656,877	4,300,192	1,170,935	3,501,009	828,894	-	13,457,907
Total liabilities and fund balances	$ 3,656,877	$ 4,300,192	$ 1,170,935	$ 3,586,538	$ 868,914	$ -	$ 13,583,456

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	Special Revenue Funds						
	Impact Fees Fund	Affordable Housing Fund	Restoration Fund	Building Fund	Street Maintenance Fund	Debt Service Fund	Nonmajor Governmental Funds
Revenues:							
Intergovernmental	$ -	$ -	$ -	$ -	$ 597,444	$ -	$ 597,444
Licenses and permits	-	-	-	1,356,266	-	-	1,356,266
Impact fees	319,687	-	-	-	-	-	319,687
Interest income	133,431	123,795	41,814	141,925	33,900	-	474,865
Miscellaneous	-	67,000	59,447	-	1,097	-	127,544
Total revenues	453,118	190,795	101,261	1,498,191	632,441	-	2,875,806
Expenditures							
Current:							
Community services	-	5,955	1,450	1,130,866	1,117,188	-	2,255,459
Capital outlay	-	-	-	-	27,081	-	27,081
Debt service							
Principal	-	-	-	-	-	1,110,000	1,110,000
Interest and fiscal charges	-	-	-	-	-	75,860	75,860
Total expenditures	-	5,955	1,450	1,130,866	1,144,269	1,185,860	3,468,400
Excess (deficiencies) of revenues over (under) expenditures	453,118	184,840	99,811	367,325	(511,828)	(1,185,860)	(592,594)
Other financing sources (uses)							
Transfers in	-	-	-	-	148,000	1,185,860	1,333,860
Transfers out	(186,752)	-	-	(530,574)	-	-	(717,326)
Total other financing sources (uses)	(186,752)	-	-	(530,574)	148,000	1,185,860	616,534
Change in fund balances	266,366	184,840	99,811	(163,249)	(363,828)	-	23,940
Fund balances, beginning of year	3,390,511	4,115,352	1,071,124	3,664,258	1,192,722	-	13,433,967
Fund balances, end of year	$ 3,656,877	$ 4,300,192	$ 1,170,935	$ 3,501,009	$ 828,894	$ -	$ 13,457,907

BUDGETARY COMPARISON SCHEDULE – CAPITAL INFRASTRUCTURE FUND FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Original and Final Budget	Actual Amounts	Variance
Revenues:			
Intergovernmental	$ 6,169,525	$ 5,870,120	$ (299,405)
Miscellaneous	-	250,000	250,000
Interest	337,956	311,373	(26,583)
Total revenues	6,507,481	6,431,493	(75,988)
Expenditures:			
Capital outlay	6,986,113	2,177,811	4,808,302
Excess (deficiency) of revenues over (under) expenditures	(478,632)	4,253,682	4,732,314
Other financing sources (uses)			
Transfers out	(2,501,418)	(2,854,109)	352,691
Total other financing sources (uses)	(2,501,418)	(2,854,109)	352,691
Change in fund balance	$ (2,980,050)	$ 1,399,573	$ 4,379,623

(Continued)

BUDGETARY COMPARISON SCHEDULE –
CAPITAL INFRASTRUCTURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Explanation of Differences Between Changes in Fund Balance Budget to Actual and Statement of Revenues, Expenditures and Changes in Fund Balance - Capital Infrastructure Fund

Net change in fund balance	$ 1,399,573
Amounts reported for budget to actual are different because:	
The net change in fund balance in the City's Vehicle Replacement Fund are reported in the Vehicle Replacement Fund for budgetary purposes but in the Capital Infrastructure Fund for the purpose of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds:	
Net change in fund balance - Vehicle Replacement Fund	641,954
Net change in fund balance per the Statement of Revenues, Expenditures, and Changes in Fund Balances - Capital Infrastructure Fund	$ 2,041,527

BUDGETARY COMPARISON SCHEDULES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Impact Fees Fund			Affordable Housing Fund			Restoration Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:									
Licenses and permits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Impact fees	188,000	319,687	131,687	-	-	-	-	-	-
Miscellaneous	-	-	-	-	67,000	67,000	-	59,447	59,447
Interest income	127,164	133,431	6,267	93,000	123,795	30,795	16,692	41,814	25,122
Total revenues	315,164	453,118	137,954	93,000	190,795	97,795	16,692	101,261	84,569
Expenditures:									
Current:									
Community services	-	-	-	408,000	5,955	402,045	100,000	1,450	98,550
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	408,000	5,955	402,045	100,000	1,450	98,550
Excess (deficiency) of revenues over (under) expenditures	315,164	453,118	137,954	(315,000)	184,840	(304,250)	(83,308)	99,811	(13,981)
Other financing sources (uses):									
Transfers out	(480,000)	(186,752)	293,248	-	-	-	-	-	-
Total other financing sources (uses)	(480,000)	(186,752)	293,248	-	-	-	-	-	-
Net change in fund balances	$ (164,836)	$ 266,366	$ (155,294)	$ (315,000)	$ 184,840	$ (304,250)	$ (83,308)	$ 99,811	$ (13,981)

(Continued)

BUDGETARY COMPARISON SCHEDULES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Building Fund			Street Maintenance Fund			Debt Service Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Revenues:									
Licenses and permits	$ 1,188,000	$ 1,356,266	$ 168,266	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	631,067	597,444	(33,623)	-	-	-
Interest income	158,243	141,925	(16,318)	51,598	33,900	(17,698)	-	-	-
Miscellaneous	-	-	-	-	1,097	1,097	-	-	-
Total revenues	1,346,243	1,498,191	151,948	682,665	632,441	(50,224)	-	-	-
Expenditures:									
Current:									
Community services	2,139,578	1,130,866	1,008,712	996,824	1,117,188	(120,364)	-	-	-
Capital outlay	-	-	-	47,300	27,081	20,219	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	1,377,615	1,110,000	267,615
Interest	-	-	-	-	-	-	-	75,860	(75,860)
Total expenditures	2,139,578	1,130,866	1,008,712	1,044,124	1,144,269	(100,145)	1,377,615	1,185,860	191,755
Excess (deficiency) of revenues over (under) expenditures	(793,335)	367,325	1,160,660	(361,459)	(511,828)	(150,369)	(1,377,615)	(1,185,860)	191,755
Other financing sources (uses):									
Transfers in	-	-	-	148,000	148,000	-	1,377,615	1,185,860	(191,755)
Transfers out	(611,607)	(530,574)	(81,033)	-	-	-	-	-	-
Total other financing sources (uses)	(611,607)	(530,574)	(81,033)	148,000	148,000	-	-	1,185,860	(191,755)
Net change in fund balances	$ (1,404,942)	$ (163,249)	$ 1,241,693	$ (213,459)	$ (363,828)	$ (150,369)	$ -	$ -	$ -

STATISTICAL SECTION

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City of Marathon, Florida

STATISTICAL SECTION
FOR THE YEAR ENDED SEPTEMBER 30, 2025

This part of the City of Marathon, Florida's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements says about the City's overall financial health.

Table of Contents

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

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City of Marathon, Florida

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net investment in capital assets	$ 31,282,555	$ 31,363,522	$ 31,361,460	$ 32,346,880	$ 35,592,849	$ 34,859,087	$ 38,410,873	$ 39,415,376	$ 39,537,564	$ 40,569,061
Restricted	3,361,757	3,761,611	4,112,540	3,497,273	2,982,465	9,246,822	10,443,624	11,378,516	12,631,314	14,844,658
Unrestricted (deficit)	10,285,136	8,584,962	(374,303)	8,850,552	21,388,072	22,862,910	28,397,303	34,650,260	38,825,066	39,732,487
Total governmental activities net position	$ 44,929,448	$ 43,710,095	$ 35,099,697	$ 44,694,705	$ 59,963,386	$ 66,968,819	$ 77,251,800	$ 85,444,152	$ 90,993,944	$ 95,146,206
Business-type activities:										
Net investment in capital assets	$ 52,501,721	$ 59,193,929	$ 63,683,687	$ 67,362,414	$ 69,923,370	$ 71,826,562	$ 73,530,431	$ 77,528,259	$ 84,694,338	$ 94,785,930
Restricted	-	-	-	-	-	-	-	-	-	2,065,830
Unrestricted	12,220,979	9,693,724	14,654,425	19,159,607	19,863,336	20,048,674	19,662,194	17,493,460	10,095,291	-
Total business-type activities net position	$ 64,722,700	$ 68,887,653	$ 78,338,112	$ 86,522,021	$ 89,786,706	$ 91,875,236	$ 93,192,625	$ 95,021,719	$ 94,789,629	$ 96,851,760
Total government:										
Net investment in capital assets	$ 83,784,276	$ 90,557,451	$ 95,045,147	$ 99,709,294	$ 105,516,219	$ 106,685,649	$ 111,941,304	$ 116,943,635	$ 124,231,902	$ 135,354,991
Restricted	3,361,757	3,761,611	4,112,540	3,497,273	2,982,465	9,246,822	10,443,624	11,378,516	12,631,314	16,910,488
Unrestricted	22,506,115	18,278,686	14,280,122	28,010,159	41,251,408	42,911,584	48,059,497	52,144,080	48,920,357	39,732,487
Total primary government net position	$ 109,652,148	$ 112,597,748	$ 113,437,809	$ 131,216,726	$ 149,750,092	$ 158,844,055	$ 170,444,425	$ 180,466,231	$ 185,783,573	$ 191,997,966

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
EXPENSES:										
Governmental activities:										
General government	$ 2,847,773	$ 5,299,558	$ 16,032,764	$ 3,550,307	$ 3,681,557	$ 3,690,434	$ 3,559,195	$ 4,364,953	$ 5,500,297	$ 5,099,671
Public safety	5,202,572	5,633,501	6,076,722	6,401,157	6,384,915	6,803,728	7,192,119	8,104,119	9,945,612	10,713,871
Community services	3,109,362	3,420,249	2,904,035	3,272,628	3,529,226	4,728,591	4,958,150	6,993,501	6,699,643	6,987,360
Community development	1,408,043	1,387,809	1,635,692	1,549,785	1,721,852	875,956	839,282	1,149,642	1,655,094	1,569,556
Interest on long-term debt	221,828	202,657	240,068	282,110	251,504	124,329	180,951	160,233	118,948	66,763
Total governmental activities	12,789,578	15,943,774	26,889,281	15,055,987	15,569,054	16,223,038	16,729,697	20,772,448	23,919,594	24,437,221
Business-type activities:										
Wastewater	9,929,090	9,410,154	9,660,919	9,447,716	10,239,572	11,434,006	12,272,525	12,439,615	15,022,380	13,890,381
Marina	1,226,693	1,162,725	783,531	816,160	917,801	1,180,250	1,168,438	1,356,116	1,500,804	1,103,205
Stormwater	796,108	1,273,084	2,600,382	6,407,316	1,936,696	1,042,003	1,083,047	1,129,528	1,098,244	1,739,016
Total business-type activities	11,951,891	11,845,963	13,044,832	16,671,192	13,094,069	13,656,259	14,524,010	14,925,259	17,621,428	16,732,602
Total governmental expenses	$ 24,741,469	$ 27,789,737	$ 39,934,113	$ 31,727,179	$ 28,663,123	$ 29,879,297	$ 31,253,707	$ 35,697,707	$ 41,541,022	$ 41,169,823
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
General government	$ 335,352	$ 392,114	$ 832,882	$ 1,366,837	$ 523,924	$ 555,714	$ 868,742	$ 1,428,145	$ 2,016,309	$ 2,730
Public safety	1,309,008	1,354,094	1,927,826	2,136,220	1,686,584	2,034,007	1,982,107	2,227,794	2,380,064	6,822,466
Community services	790,447	746,571	793,956	830,003	847,335	866,761	1,055,367	813,859	664,177	34,417
Community development	1,410,332	1,238,110	2,495,302	3,196,058	2,192,809	3,710,347	3,197,855	2,112,433	3,281,943	-
Operating grants and contributions	371,539	260,009	1,062,030	4,553,389	9,936,824	1,387,783	1,371,930	2,315,826	695,252	820,321
Capital grants and contributions	3,351,896	3,119,967	3,188,292	3,754,846	6,569,796	4,395,382	6,716,111	5,992,424	5,465,919	6,041,527
Total governmental activities program revenues	7,568,574	7,110,865	10,300,288	15,837,353	21,757,272	12,949,994	15,192,112	14,890,481	14,503,664	13,721,461
Business-type activities:										
Charges for services:										
Wastewater	6,346,446	6,463,033	6,522,387	6,740,858	6,718,556	7,110,115	7,316,955	7,374,108	8,351,339	9,653,178
Marina	904,336	933,084	895,934	953,039	888,546	1,005,431	1,039,521	1,113,984	1,161,787	-
Stormwater	-	-	61,492	-	-	-	-	-	-	1,150,805
Operating grants and contributions	-	-	942,573	5,022,018	975,811	576,933	35,299	-	156,424	-
Capital grants and contributions	9,034,879	8,276,373	13,427,627	11,599,984	7,420,604	6,772,109	7,202,415	7,732,711	7,143,004	7,862,703
Total business-type activities program revenues	16,285,661	15,672,490	21,850,013	24,315,899	16,003,517	15,464,588	15,594,190	16,220,803	16,812,554	18,666,686
Total program revenues	$ 23,854,235	$ 22,783,355	$ 32,150,301	$ 40,153,252	$ 37,760,789	$ 28,414,582	$ 30,786,302	$ 31,111,284	$ 31,316,218	$ 32,388,147
NET (EXPENSE)/REVENUE:										
Governmental activities	$ (5,221,004)	$ (8,832,909)	$ (16,588,993)	$ 781,366	$ 6,188,218	$ (3,273,044)	$ (1,537,585)	$ (5,881,967)	$ (9,415,930)	$ (10,715,760)
Business-type activities	4,333,770	3,826,527	8,805,181	7,644,707	2,909,448	1,808,329	1,070,180	1,295,544	(808,874)	1,934,084
Total net (expense) revenue	$ (887,234)	$ (5,006,382)	$ (7,783,812)	$ 8,426,073	$ 9,097,666	$ (1,464,715)	$ (467,405)	$ (4,586,423)	$ (10,224,804)	$ (8,781,676)

(Continued)

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues:										
Governmental activities:										
Taxes:										
Property taxes	$ 4,470,917	$ 5,236,773	$ 6,011,774	$ 6,351,257	$ 6,847,271	$ 7,345,310	$ 8,340,762	$ 9,564,742	$ 10,036,592	$ 10,130,700
Other taxes	529,641	515,229	501,700	472,628	496,713	518,267	515,499	597,349	508,758	487,851
State shared revenues	1,926,237	1,984,812	1,909,914	2,124,983	1,807,035	2,489,658	3,007,258	2,980,566	2,858,969	2,726,703
Investment earnings	17,610	67,555	75,338	76,554	97,297	60,189	84,652	966,901	1,779,429	1,774,839
Miscellaneous	186,758	95,052	47,720	78,220	61,902	94,808	80,717	127,569	46,307	405,296
Transfers	(332,943)	(285,865)	(653,249)	(290,000)	(229,755)	(229,755)	(208,322)	(162,448)	(264,693)	(264,694)
Total governmental activities	6,798,220	7,613,556	7,893,197	8,813,642	9,080,463	10,278,477	11,820,566	14,074,679	14,965,362	15,260,695
Business-type activities:										
Investment earnings	30,543	52,561	87,334	154,963	125,482	50,446	38,887	335,981	305,187	62,903
Miscellaneous	1,184,385	-	-	-	-	-	-	35,121	6,904	-
Gain (loss) on disposal of equipement	-	-	20,637	94,239	-	-	-	-	-	-
Transfers	332,943	285,865	653,249	290,000	229,755	229,755	208,322	162,448	264,693	264,694
Total business-type activities	1,547,871	338,426	761,220	539,202	355,237	280,201	247,209	533,550	576,784	327,597
Total general revenues	$ 8,346,091	$ 7,951,982	$ 8,654,417	$ 9,352,844	$ 9,435,700	$ 10,558,678	$ 12,067,775	$ 14,608,229	$ 15,542,146	$ 15,588,292
CHANGE IN NET POSITION:										
Governmental activities	$ 1,577,216	$ (1,219,353)	$ (8,695,796)	$ 9,595,008	$ 15,268,681	$ 7,005,433	$ 10,282,981	$ 8,192,712	$ 5,549,432	$ 4,544,935
Business-type activities	5,881,641	4,164,953	9,566,401	8,183,909	3,264,685	2,088,530	1,317,389	1,829,094	(232,090)	2,261,681
Total change in net position	$ 7,458,857	$ 2,945,600	$ 870,605	$ 17,778,917	$ 18,533,366	$ 9,093,963	$ 11,600,370	$ 10,021,806	$ 5,317,342	$ 6,806,616

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Nonspendable	$ 98,770	$ 144,042	$ 334,294	$ 355,951	$ 29,667	$ 33,342	$ 66,075	$ 479,014	$ 57,756	$ 60,187
Restricted	235,850	255,897	326,131	377,145	335,635	736,190	918,789	115,820	124,241	135,033
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	463,756	-	-	-	-	-	-	-	-	-
Unassigned (Deficit)	4,521,269	3,690,416	(6,862,727)	(1,020,937)	12,291,091	13,396,993	17,728,901	22,535,252	26,220,964	27,574,657
Total General Fund	5,319,645	4,090,355	(6,202,302)	(287,841)	12,656,393	14,166,525	18,713,765	23,130,086	26,402,961	27,769,877
All Other Governmental Funds:										
Nonspendable	5,244	-	25	-	-	-	-	15,901	-	-
Restricted	3,125,907	3,505,714	3,786,409	3,120,128	2,646,830	8,454,930	9,524,835	10,494,375	11,297,243	12,169,740
Committed	3,772,815	3,457,850	4,141,624	4,855,431	5,463,430	6,508,913	7,349,471	9,014,056	11,259,777	12,452,748
Unassigned (deficit)	-	-	-	(5,000)	-	-	-	-	-	-
Total all other governmental funds	6,903,966	6,963,564	7,928,058	7,970,559	8,110,260	14,963,843	16,874,306	19,524,332	22,557,020	24,622,488
Total all governmental funds	$ 12,223,611	$ 11,053,919	$ 1,725,756	$ 7,682,718	$ 20,766,653	$ 29,130,368	$ 35,588,071	$ 42,654,418	$ 48,959,981	$ 52,392,365

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES:										
Ad valorem taxes	$ 4,470,917	$ 5,236,773	$ 6,011,774	$ 6,351,257	$ 6,847,271	$ 7,345,310	$ 8,340,762	$ 9,564,742	$ 10,036,592	$ 10,130,700
Communication services taxes	529,641	515,229	501,700	472,628	496,713	518,267	515,499	597,349	508,758	487,851
Impact fees	470,614	489,340	621,797	914,021	686,783	1,158,581	1,114,226	641,085	1,274,260	319,687
Licenses and permits	1,553,338	1,506,456	2,944,187	3,756,614	2,721,267	3,207,461	3,246,378	2,985,146	2,898,643	2,779,615
Intergovernmental revenue	6,055,246	5,822,821	5,864,220	8,242,793	19,720,073	9,528,651	11,654,956	11,637,034	9,464,578	9,734,552
Charges for services	1,057,363	1,040,201	1,500,628	1,388,284	1,257,636	1,513,547	1,476,209	1,320,534	1,652,732	1,769,471
Fines and forfeitures	288,331	232,565	106,266	141,389	126,148	711,911	494,001	1,168,151	2,097,032	2,310,527
Interest	17,610	67,555	75,338	76,554	97,297	60,189	84,652	966,901	1,779,429	1,774,839
Miscellaneous	98,410	39,878	76,581	95,485	65,702	108,679	211,874	42,581	45,807	405,296
Total revenues	14,541,470	14,950,818	17,702,491	21,439,025	32,018,890	24,152,596	27,138,557	28,923,523	29,757,831	29,712,538
EXPENDITURES:										
Current:										
General government	2,482,091	4,778,448	15,556,405	3,003,629	3,112,085	3,054,300	3,072,868	3,692,840	4,117,308	4,475,212
Public safety	4,645,986	5,015,503	5,528,311	5,921,898	5,824,957	6,227,374	7,034,427	7,533,277	9,630,507	10,973,639
Community services	2,069,478	2,332,785	1,968,075	2,217,144	2,507,537	3,704,028	4,060,642	5,898,741	5,561,203	5,715,400
Community development	1,314,896	1,263,455	1,514,815	1,434,355	1,623,247	731,061	821,561	995,880	1,177,529	1,438,351
Capital outlay	4,131,176	1,635,184	1,315,357	4,099,767	4,291,162	527,941	6,343,217	2,061,614	1,189,132	2,226,999
Debt service:										
Principal	760,000	740,000	735,000	785,002	1,130,000	1,145,000	1,165,000	1,350,000	1,377,698	1,110,000
Interest and other fiscal charges	218,742	199,571	236,982	232,565	220,529	186,278	151,439	175,983	134,698	75,860
Total expenditures	15,622,369	15,964,946	26,854,945	17,694,360	18,709,517	15,575,982	22,649,154	21,708,335	23,188,075	26,015,461
Excess (deficiency) of revenues over (under) expenditures	(1,080,899)	(1,014,128)	(9,152,454)	3,744,665	13,309,373	8,576,614	4,489,403	7,215,188	6,569,756	3,697,077
OTHER FINANCING SOURCES (USES):										
Insurance proceeds	-	130,301	427,539	877,296	4,317	16,856	176,622	13,607	500	-
Transfers in	2,127,866	1,727,945	1,517,128	2,036,301	2,641,842	5,575,603	2,897,353	4,763,741	3,123,420	2,915,160
Transfers out	(2,460,809)	(2,013,810)	(2,170,377)	(2,326,301)	(2,871,597)	(5,805,358)	(3,105,675)	(4,926,189)	(3,388,113)	(3,179,854)
Issuance of debt	-	-	50,001	1,625,001	-	-	2,000,000	-	-	-
Total other financing sources (uses)	(332,943)	(155,564)	(175,709)	2,212,297	(225,438)	(212,899)	1,968,300	(148,841)	(264,193)	(264,694)
Net change in fund balances	$ (1,413,842)	$ (1,169,692)	$ (9,328,163)	$ 5,956,962	$ 13,083,935	$ 8,363,715	$ 6,457,703	$ 7,066,347	$ 6,305,563	$ 3,432,383
Debt service as a percentage of non-capital expenditures	8.52%	6.56%	3.81%	7.49%	9.37%	8.85%	8.07%	7.77%	6.87%	4.99%

Net Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year Ended September 30,	Tax Roll Year	Real Property	Personal Property	Total Net Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value [1]	Estimated Actual Value as a Percentage of Net Assessed Value [1]
2016	2015	$1,934,996,573	$ 68,988,431	$ 2,003,985,004	2.3000	N/A	N/A
2017	2016	2,068,261,975	75,795,496	2,144,057,471	2.5000	N/A	N/A
2018	2017	2,307,148,819	71,619,259	2,378,768,078	2.5900	N/A	N/A
2019	2018	2,452,529,645	72,177,542	2,524,707,187	2.5900	N/A	N/A
2020	2019	2,637,422,003	82,277,588	2,719,699,591	2.5900	N/A	N/A
2021	2020	2,833,142,419	91,570,580	2,924,712,999	2.7700	N/A	N/A
2022	2021	3,005,657,019	97,741,854	3,103,398,873	2.7700	N/A	N/A
2023	2022	3,523,170,104	102,953,767	3,626,123,871	2.7200	N/A	N/A
2024	2023	4,096,907,930	127,305,256	4,224,213,186	2.4477	N/A	N/A
2025	2024	4,567,719,538	132,731,366	4,700,450,904	2.2235	N/A	N/A

Note: [1] Property in the City is reassessed each year. The Property Appraiser estimates a just (market) value for all types of real property. For non-homesteaded properties the just value is equal to the assessed value. For homesteaded properties, the just value is adjusted for both the Florida "Save Our Homes" valuation cap and the homestead exemption amount to arrive at the assessed value. As a result, there is no formula available to estimate the relationship between overall just (actual) value and assessed value.

Source: Monroe County Property Appraiser's Office and the City of Marathon Finance Department.

Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

		City of Marathon			Overlapping Rates [1]					
Fiscal Year	Tax Roll Year	Operaing Millage	Debt Service Millage	Total Direct Rate	Monroe County	School Board	South Florida Water Management District	Florida Keys Mosquito Control District	Other	Total Direct and Overlapping Rates
2016	2015	2.3000	-	2.3000	2.9753	3.5500	0.1459	0.5019	0.2092	9.6823
2017	2016	2.5000	-	2.5000	2.8297	3.4840	0.1359	0.5831	0.1948	9.7275
2018	2017	2.5900	-	2.5900	2.6957	3.3560	0.1275	0.4646	0.1825	9.4163
2019	2018	2.5900	-	2.5900	2.6957	3.3580	0.1209	0.4555	0.1727	9.3928
2020	2019	2.5900	-	2.5900	2.5444	3.3430	0.1152	0.4508	0.7080	9.7514
2021	2020	2.5900	-	2.5900	2.5347	3.3520	0.1103	0.4508	0.7006	9.7384
2022	2021	2.7700	-	2.7700	2.5708	3.2840	0.1061	0.4648	0.6952	9.8909
2023	2022	2.7200	-	2.7200	2.4801	2.9620	0.0948	0.4565	0.6770	9.3904
2024	2023	2.4477	-	2.4477	2.6803	2.8960	0.0948	0.4344	0.6741	9.2273
2025	2024	2.2235	-	2.2235	2.6547	2.8640	0.0948	0.4344	0.6735	8.9449

Note: All millage rates are based on $1 for every $1,000 of assessed value.

Note (1): Overlapping rates are those of local and county governments that apply to property owners within the City of Marathon, Florida.

Note (2): The City of Marathon leview one millage rate for the services it provides, therefore, there are no other components of the direct rate to display.

Sources: City of Marathon Finance Department and Monroe County Property Appraiser's Office.

City of Marathon, Florida

Principal Property Taxpayers
Current Year and Nine Years Ago

2025				2016			
Taxpayer	Net Assessed Value	Rank	% of Total City Net Assessed Value	Taxpayer	Net Assessed Value	Rank	% of Total Village Net Assessed Value
KNIGHTS KEY INVESTORS LLC	$ 171,707,258	1	3.65%	SH3 LTD	$ 32,831,590	1	1.64%
FLORIDA KEYS ELECTRIC COOPERATIVE	46,195,755	2	0.98%	BLUEGREEN VACATIONS MANAGEMENT INC.	32,695,848	2	1.63%
MARATHON 106 LLC	43,462,438	3	0.92%	FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION	32,490,167	3	1.62%
BLUEGREEN	39,232,433	4	0.83%	SH MARATHON LTD	20,913,711	5	1.04%
MARATHON HOTELS LLC	38,683,553	5	0.82%	MARLIN BAY YACHT CLUB LLC	13,042,306	4	0.65%
MARATHON 106 LLC	38,283,035	6	0.81%	WATERS EDGE MARINA, LLC	11,057,877	6	0.55%
MARLIN BAY YACHT CLUB LLC	32,084,682	7	0.68%	FIRST FLORIDA KEYS PROPERTIES, INC	9,362,291	7	0.47%
SUNSET POINT FARM LLC	30,334,404	8	0.65%	HOME DEPOT NO 6302	8,782,364	8	0.44%
1525 LLC	27,070,098	9	0.58%	1525 LLC	8,153,384	9	0.41%
REPUBLCI MARATHON LLC	26,540,406	10	0.56%	SUNSET POINT FARM LLC	8,062,573	10	0.40%
	$ 493,594,062		10.50%		$ 177,392,111		8.85%

Source: Tax rolls provided by Monroe County Property Appraiser's Office.

Property Tax Levies and Collections
Current Year and Nine Years Ago

Fiscal Year Ended September 30,	Total Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	4,636,703	4,470,917	96.42%	-	4,470,917	96.42%
2017	5,402,910	5,236,773	96.93%	-	5,236,773	96.93%
2018	6,119,489	6,011,774	98.24%	-	6,011,774	98.24%
2019	6,515,264	6,351,257	97.48%	-	6,351,257	97.48%
2020	7,005,642	6,847,271	97.74%	-	6,847,271	97.74%
2021	7,573,555	7,345,310	96.99%	-	7,345,310	96.99%
2022	8,596,415	8,340,762	97.03%	-	8,340,762	97.03%
2023	10,048,535	9,564,742	95.19%	-	9,564,742	95.19%
2024	10,339,609	10,036,592	97.07%	-	10,036,592	97.07%
2025	10,435,650	10,130,700	97.08%	-	10,130,700	97.08%

Source: City of Marathon Finance Department and Monroe County Tax Collector's Office.

City of Marathon, Florida

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

		Governmental Activities		Business-Type Activities				
Fiscal Year Ended September 30,	General Obligation Bonds	Revenue Bonds	Loans Payable	Revenue Bonds	State Revolving Fund Loan Program	Total	Percentage of Net Assessed Value [1]	Per Capita [1]
2016	-	8,020,000	-	-	62,820,217	70,840,217	3.53%	8,289
2017	-	7,280,000	-	-	58,972,355	66,252,355	3.09%	7,550
2018	-	6,545,000	50,001	-	55,026,765	61,621,766	2.59%	7,483
2018	-	5,859,734	1,575,000	-	50,993,466	58,428,200	2.31%	6,800
2020	-	5,254,734	1,050,000	-	46,864,184	53,168,918	1.95%	5,845
2021	-	4,634,734	525,000	-	42,636,611	47,796,345	1.63%	4,933
2022	-	3,994,734	2,000,000	-	38,309,180	44,303,914	1.43%	4,463
2023	-	3,344,734	1,300,000	-	33,875,262	38,519,996	1.06%	3,931
2024	-	2,669,734	600,000	-	25,426,483	28,696,217	0.68%	2,914
2025	-	2,157,302	-	-	21,342,364	23,499,666	0.50%	2,318

Note: [1] Total personal income amounts not available for the City of Marathon jurisdiction. Personal income data provided in demographics section is for all of Monroe County. Therefore, assessed taxable value was used as the relevant economic base.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Computation of Direct and Estimated Overlapping Governmental Activities Debt
September 30, 2025

	Debt Outstanding	Applicable to City of Marathon Percentage	Applicable to City of Marathon Amount
Direct debt:			
City of Marathon	$ 2,157,302.00	100.00%	$ 2,157,302.00
Estimated overlapping debt:			
Monroe County, District School Board [1]	98,364,959	10.22% [2]	10,050,260
Total ad valorem tax supported debt	$ 100,522,261.00		$ 12,207,561.92
Ratios:			
Overall debt to 2024 taxable valuation			0.26%
Overall debt per capita			1,204

Notes:

[1] Monroe County School Board debt is as of June 30, 2025.

[2] Overlapping debt percentage was determined by a ratio of the assessed value of property subject to taxation in the City of Marathon to the total assessed value of property subject to taxation in the overlapping unit.

City of Marathon, Florida

Pledged Revenue Coverage
Last Ten Fiscal Years

	Improvement Revenue Bonds							
Fiscal Year Ended September 30,	Local Government Infrastructure Tax	Special Assessments	Utility Operating Revenues	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Interest	Coverage
2016	2,895,730	5,093,678	6,346,446	(5,673,930)	8,661,924	[1] 8,048,712	1,828,120	0.88
2017	2,986,561	4,859,730	6,463,033	(4,803,322)	9,506,002	4,587,862	1,657,092	1.52
2018	2,851,937	5,040,181	6,110,854	(6,134,428)	7,868,544	4,680,590	1,547,390	1.26
2019	3,263,444	5,016,903	6,059,548	(5,590,540)	8,749,355	4,818,252	1,463,285	1.39
2020	2,697,272	4,759,548	6,670,712	(5,921,336)	8,206,196	5,259,282	1,395,776	1.23
2021	3,942,170	4,884,662	7,110,115	(6,200,227)	9,736,720	5,372,573	1,262,934	1.47
2022	4,888,316	5,022,303	7,154,215	(6,928,121)	10,136,713	5,492,431	1,146,849	1.53
2023	4,735,559	5,051,102	7,374,108	(7,424,786)	9,735,983	5,783,918	1,003,002	1.43
2024	4,699,969	4,347,146	8,340,907	(8,214,345)	9,173,677	5,368,199	806,081	1.49
2025	4,786,678	4,534,763	9,618,464	(8,765,476)	10,174,429	5,369,119	661,616	1.69

Notes: [1] Debt service principal payments include the early payoff of five State Revolving Fund loans.

City of Marathon, Florida

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population [1]		Personal Income (Amounts Expressed in Thousands) [2]	Per Capita Personal Income [2]	Unemployment Rate [3]
2016	8,546		5,660,751	73,513	3.2%
2017	8,775		6,160,642	79,694	3.4%
2018	8,235		6,417,335	83,328	2.6%
2019	8,593		6,911,436	92,119	1.8%
2020	9,097		7,516,454	101,262	3.8%
2021	9,689	(a)	7,876,486	106,583	2.6%
2022	9,926		8,967,730	109,136	1.9%
2023	9,799		9,734,563	119,138	1.8%
2024	9,847		10,522,172	130,525	1.9%
2025	10,140		11,954,963	147,760	3.1%

Sources:

[1] Office of Economic and Demographic Research, FL Legislature.

[2] United States Census Bureau for all of Monroe County and Bureau of Economic and Business Research, University of FL.

[3] Florida Department of Labor, Agency for Workforce Innovation. Rates are for the entire County of Monroe.

[a] Data obtained from 2020 Federal census.

Note: When Marathon-specific data has not been available, Monroe County percentage projections were applied to Marathon's actual population figures from prior years.

City of Marathon, Florida

Principal Employers
Last Ten Fiscal Years

	2025				2016		
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Monroe County	193	1	N/A	Monroe County	193	1	N/A
Fishermen's Community Hospital	180	2	N/A	Monroe County School Board	151	2	N/A
Monroe County School Board	151	3	N/A	Home Depot USA	150	3	N/A
Home Depot USA	150	4	N/A	Fishermen's Hospital	120	4	N/A
City of Marathon	143	5	N/A	Publix Supermarkets	93	5	N/A
Winn Dixie	93	6	N/A	Winn Dixie	93	6	N/A
Publix Supermarkets	93	7	N/A	City of Marathon	91	7	N/A
Walgreens Co.	88	8	N/A	Walgreens Co.	88	8	N/A
Florida Keys Aqueduct Authority	45	9	N/A	K-Mart Corporation	77	9	N/A
D'Asign Source LLC	35	10	N/A	Office Depot	45	10	N/A

Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Employees	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	8	8	8	9	9	9	9	8	8	14
Public Safety	28	31	34	36	31	33	36	38	40	43
Community Development	14	16	16	15	15	16	17	19	21	16
Community Services	35	34	36	37	39	44	43	45	54	61
Marina	6	8	8	8	8	8	7	8	9	9
Total Number of Employees	91	97	102	105	102	110	112	118	132	143

Source: City of Marathon Finance Department.

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety:										
Police:										
Police personnel and officers	27	31	31	32	32	32	28	32	35	35
Police calls for service	45,769	35,822	37,262	50,646	49,186	43,459	63,419	63,937	53,522	53,785
Fire/EMS:										
Fire personnel	27	27	27	27	34	33	36	38	40	43
Fire/emergency calls answered	655	624	501	490	547	480	639	601	831	710
Emergency medical services calls	1,947	1,590	1,286	1,324	1,045	1,232	1,401	1,678	1,505	1,830
Community development:										
Building permits issued	3,654	2,819	6,252	4,184	3,435	1,307	1,273	1,200	1,285	1,118
Commercial fire occupancy inspections	715	731	1,097	1,379	878	883	1,244	1,348	1,531	1,561
Community services:										
Transportation:										
Public right of way maintenance (miles)	63	63	63	63	63	63	63	63	63	63
Culture and recreation:										
Registrations for camp	339	126	326	247	-	30	30	275	250	195
Registrations for athletic programs	3,354	3,758	3,380	526	150	400	700	750	725	268
Registrations for cultural programs	40,606	51,296	37,548	28,402	8	2	3	9	5	22
Registrations for private events in public park areas	438	402	562	273	60	92	180	270	245	-
Marina:										
Mooring balls	226	226	226	226	226	226	226	226	226	226
Boat slips	13	13	13	13	13	13	13	13	13	13

Sources: Various City Departments, Monroe County Sheriff's Office.
Note: Police services are provided uncer contract with the Monroe County Sherriff's Department.
Note: Water utility services are provided by Florida Keys Aqueduct Authority.
Note: Business permits and occupational licenses are issued and regulated by Monroe County.
Note: Solid waste services are provided by an outside contractor through Monroe County.

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government:										
Number of general government buildings	-	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Police stations	-	-	-	-	-	-	-	-	-	-
Fire:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Transportation:										
Miles of streets	63	63	63	63	63	63	63	63	63	63
Number of street lights	188	188	188	188	188	188	188	188	188	188
Number of traffic signals	8	8	8	8	8	8	8	8	8	8
Culture and recreation:										
Amphitheater	1	1	1	1	1	1	1	1	1	1
Parks	4	4	4	4	4	4	4	4	4	4
Parks acreage	45	45	45	45	45	45	45	45	45	45.0
Beaches	2	2	2	2	2	2	2	2	2	2
Community center	-	-	-	-	-	-	-	-	-	-
Picnic pavilions	27	27	27	27	27	27	27	27	27	27
In-line hockey rink	1	1	1	1	1	1	1	1	1	1
Soccer fields	2	2	2	2	2	2	2	2	2	2
Skate park	1	1	1	1	1	1	1	1	1	1
Basketball courts	4	4	4	4	4	4	4	4	4	4
Tennis courts	4	4	4	4	4	4	4	4	4	4
Baseball/softball fields	2	2	2	2	2	2	2	2	2	2
Utility system:										
Fire hydrants - City of Marathon	181	200	200	200	233	258	258	258	258	258
Solid waste:	-	-	-	-	-	-	-	-	-	-
Collection trucks										

Sources: Various City Departments and Florida Keys Electric Cooperative Association.
Note: The City of Marathon does not own any police buildings. Police services are contracted from Monroe County.
Note: The City of Marathon's water utility is operated by the independent Florida Keys Aqueduct Authority.
Note: The City of Marathon does not own any solid waste collection trucks. Solid wast services are contracted to a private company.

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OTHER REPORTS OF INDEPENDENT AUDITORS

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Marathon, Florida
Marathon, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Marathon, Florida (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 26, 2026. Our report includes a reference to the change in accounting principle resulting from the implementation of GASB Statement No. 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Bradenton, Florida
June 26, 2026

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council
City of Marathon, Florida
Marathon, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Marathon, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2025. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Bradenton, Florida
June 26, 2026

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Agency/Pass-Through Entity	Assistance Listing	Grantors Number	Expenditures
Federal Awards			
U.S. Department of Transportation			
Passed through Florida Department of Transportation			
Highway Planning and Construction	20.205	117th G2J69	$ 70,483
Highway Planning and Construction	20.205	116th G2032	53,779
Total U.S. Department of Transportation			124,262
U.S. Department of Homeland Security			
Passed through Florida Division of Emergency Management			
Hurricane Irma	97.036	Z1090	353,550
Total U.S. Department of Homeland Security			353,550
U.S. Department of the Interior			
Passed through Florida Department of Environmental Protection			
Clean Vessel Act	15.616	MV423	26,715
Total U.S. Department of the Interior			26,715
U.S. Department of Housing and Urban Development			
Passed through Florida Department of Economic Opportunity			
Community Development Block Grants	14.228	IR019	3,126,016
Total U.S. Department of Housing and Urban Development			3,126,016
Total Expenditures of Federal Awards			$ 3,630,543

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Marathon, Florida (the "City"). The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, as well as other applicable provisions of contracts and grant agreements, wherein certain types of expenditures are not allowable or are limited as to reimbursements, as applicable.

NOTE 3. DE-MINIMUS INDIRECT COST RATE

The City chose not to use the allowable de minimis cost rate for the fiscal year ended September 30, 2025.

NOTE 4. SUBRECIPIENTS

The City did not pass federal expenditures to subrecipients during the fiscal year ended September 30, 2025.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting: Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified not considered material weaknesses identified?	____ yes __X__ no
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

Internal control over major programs: Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes __X__ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes __X__ no

Identification of major federal programs:

CFDA Number	Name of Federal Program
14.228	Community Development Block Grants

Dollar threshold used to distinguish between Type A and Type B programs – federal programs:	$1,000,000
Auditee qualified as a low-risk quditee?	____ yes __X__ no

State Projects

There was not an audit of major state award programs as of September 30, 2025 due to the total amount expended by the City being less than $750,000.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL PROGRAMS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None reported.

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Management Letter

Honorable Mayor and City Council
City of Marathon, Florida
Marathon, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Marathon, Florida (the "City"), as of and for the fiscal year ended September 30, 2025, and have issued our report thereon dated June 26, 2026.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated June 26, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority of the City of Marathon are disclosed in the notes to the financial statements. There were no component units related to the City.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures 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

As required by Section 10.554(1)(i)6.a., Rules of the Auditor General, the City statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did operate within the City's geographical boundaries during the fiscal year under audit. Information about the program can be found here: https://www.monroecounty-fl.gov/1051/PACE-Program.

As required by Section 10.554(1)(i)6.b., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the City, a list of all program administrators and third-party administrators that administered the program. A list of program and third-party administrators can be found here: https://www.monroecounty-fl.gov/1051/PACE-Program.

As required by Section 10.554(1)(i)6.c., Rules of the Auditor General, if a PACE program was operating within the geographical areas of the City, the full names and contact information of each such program administrator and third-party administrator. The full names and contact information for such program and third-party administrators can be found here: https://www.monroecounty-fl.gov/101/PACE-Program.

Additional Matters

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

Purpose of this Letter

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

Mauldin & Jenkins, LLC

Bradenton, Florida
June 26, 2026

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Independent Accountant's Report

Honorable Mayor and City Council
City of Marathon, Florida
Marathon, Florida

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our 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 ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2025.

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.

Mauldin & Jenkins, LLC

Bradenton, Florida
June 26, 2026

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