

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

**COFFEE BUTLER  
AMPHITHEATER**  
Key West, Florida

City of Key West, Florida  
Fiscal Year Ended  
September 30, 2021



*Cover: Courtesy of Jason Hoegle –  
City of Key West Information Technology Department*

# The City of Key West, Florida

## Comprehensive Annual Financial Report

For The Fiscal Year Ended

September 30, 2021

Prepared by:

Department of Finance

**City of Key West, Florida**  
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## **INTRODUCTORY SECTION**





THE CITY OF KEY WEST, FLORIDA

Post Office Box 1409

Key West, FL 33041-1409

[www.cityofkeywest-fl.gov](http://www.cityofkeywest-fl.gov)

April 29, 2022

Honorable Mayor,  
Members of the City Commission, and  
Citizens of Key West

Ladies and Gentlemen:

The Annual Comprehensive Financial Report of the City of Key West, Florida, for the fiscal year ended September 30, 2021, is submitted herewith pursuant to the City Charter, Florida Statutes, and the Rules of the Auditor General of the State of Florida. The comprehensive annual financial report was compiled by Finance Department staff with the close cooperation of the independent auditors. It represents the official report of the City's financial operations and condition to the citizens, City Commission, management personnel of the City, rating agencies, and other interested parties.

Responsibility for both the reliability of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City'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. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds of the City of Key West.

State statutes require an annual audit by independent certified public accountants. The City of Key West's financial statements have been audited by the independent certified public accounting firm of Keefe McCullough and they have issued an unmodified opinion on the financial statements for the fiscal year ended September 30, 2021.

Generally accepted accounting principles (GAAP) require that management provides 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 Key West's MD&A can be found immediately following the report of the independent auditors.

## **Financial Reporting Entity**

This report includes all funds of the City. The City of Key West provides a full range of services outlined in the Florida Statutes or City Charter. These services include police, fire protection and Emergency Medical Services, the construction and maintenance of roads and infrastructure, recreational activities, parking, planning, building, and zoning. In addition to its general government activities, the City provides sewer, solid waste, stormwater, marina, and mass transit services through enterprise funds.

The City has ultimate responsibility for the Police Officers and Firefighters Retirement Plan and the General Employees Retirement Plan. The Police Officers and Firefighters and General Employees Pension Plan activities are included in the financial statements as fiduciary funds.

The City does not have financial responsibility for The Housing Authority of the City of Key West, Florida; however, the City does appoint board members and provides approximately \$ 560,000 annually in free sewer, sanitation and stormwater services, which constitutes a financial benefit/burden relationship. Given the overall materiality of the financial benefit/burden, the City has included the Housing Authority as a discretely presented component unit herein.

Keys Energy Services has not met the established criteria for inclusion in the reporting entity and is excluded from this report. Financial reports are available directly from that agency.

## **Profile of the Government**

Key West is an island city some 4 miles long by 1.5 miles wide. The island is located at the southern end of U. S. Highway 1, 153 miles southwest of Miami, Florida and 93 miles northwest of Havana, Cuba, at 24.5 degrees north of the equator. Key West is the county seat of Monroe County. The city occupies the entire island as well as a portion of neighboring Stock Island to the northeast. The principal industry is tourism, and the U. S. Navy and Coast Guard and other Department of Defense agencies maintain a presence here as well.

The City's 2021 estimated permanent population was 26,686. In addition to the permanent population, the City is a world-renowned tourist destination and a popular location for second homes. The total number of people on Key West on an average day, including permanent residents, seasonal residents, the maritime population, overnight tourists, day-trippers, cruise ship visitors, commuters, and shoppers, is estimated to be over 50,000. This number would likely spike significantly during special events such as Fantasy Fest or New Year's Eve.

## **Overall Financial Condition**

Fiscal year 2021 demonstrated that the City of Key West was in an economic tourism boom. Revenue collections from sales tax for both the General Fund and the Infrastructure Surtax Fund were higher than they have been in recent history and parking revenues and other tourism related revenues continue to grow. Passenger counts at Key West International Airport and the City of Key West Ferry Terminal reached unprecedented levels and the Tourist Development Council (TDC) bed tax collections have continued to soar.

The City's policy is to maintain an adequate General Fund balance to meet seasonal shortfalls in cash flows and reduce the susceptibility to emergency and unanticipated expenditures and/or revenue shortfalls. The City Commission has adopted a policy that requires the City to maintain unassigned fund balance equivalent to a minimum ranging from 20% to 25% of the subsequent year's budgeted operating expenditures and transfers out. For the fiscal year ending 2021, the range is approximately \$ 11,400,000 to \$ 14,200,000; therefore, the current unassigned fund balance of approximately \$ 10,577,576 was below the prescribed limits. The City intends to meet and exceed the minimum fund balance of 72 days, or 20%, by the end of fiscal year 2022 through collection of CARES Act contributions from Monroe County, several increased revenue streams, and the controlling of expenditures.

### **Financial Planning and Budgeting Controls**

The City maintains strict budgetary controls. The objective of these budgetary controls is to ensure compliance with Florida Statute Section 166.241 provisions embodied in the annual appropriated budget approved by the City Commission. Annual appropriated budgets are adopted for all governmental and proprietary funds except as noted below. These budgets are adopted on a generally accepted accounting principles basis, as applicable. This program is readopted annually based on changes in priority and funding. The City is not legally required to, and does not, adopt a budget for the Pension Funds.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the major category level; i.e., Personnel Services, Operating, Capital Outlay, Debt Service, Aid to Private Organizations, and Transfers/Reserves. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts expire at year-end but may be appropriated from carryforward amounts only if the amounts encumbered are material and the current year's budget is insufficient to absorb these commitments. Very few operating encumbrances are "rolled" forward into the next fiscal year. The exception would be encumbrances related to City Commission approved multiyear capital improvements and projects.

### **Relevant Financial Policies**

The City of Key West budgetary and financial policies provide the basic framework for the overall fiscal management of the City. The main policies consist of the revenue, cash management and investments, debt, and fund balance policies. These policies are used in the development of current activities and planning for future programs.

#### Revenue Policy

The City will attempt to maintain a diversified and stable revenue system to avoid reliance on any one revenue source and will attempt to minimize the dependence on property taxes. Charges for services are used to recover partial or full cost of providing services that benefit an individual or a specific user group. Additionally, it is the City's policy that new ongoing operating costs are funded with permanent, ongoing revenue sources. One-time operating costs are tied to one-time revenue sources to ensure fund balance integrity.

## Cash Management and Investments Policy

The City follows its adopted investment policy when handling public funds, except for Pension Funds. The intent of this policy is to 1) ensure the preservation of principal, 2) maintain sufficient cash flow to enable the City to meet its obligations, and 3) maximize the return on assets with an acceptably low exposure to risk. The investment policy meets the requirements of Florida Statutes, section 218.415.

As of September 30, 2020, the City had the following investment types in order of liquidity: Bank Deposits, Florida Prime, Florida Fixed Income Trust (FIT), Public Assets for Liquidity Management (FL-PALM), Federal Agency Discount Notes, Federally Sponsored Agency Notes, and U.S. Treasury Notes.

## Debt Policy

The City seeks to maintain the highest bond rating to minimize borrowing costs. Debt is issued when necessary to finance capital projects but is never used for current operations. The City reviews and evaluates its existing obligations and future borrowing needs regularly. Approaching the fiscal year 2023 budget, a renewed emphasis on the possible need of external financing support to accelerate much needed improvements to City streets and rights of way and other various City infrastructure and initiatives such as sea level rise and resiliency planning may be required. The traditional “pay as you go” funding approach had allowed for incremental upgrades to the City’s infrastructure, unfortunately “pay as you go” funding levels fall short on making the substantive upgrades necessary to handle the intense use of City streets by citizens and visitors. With the City currently having a low debt load, the City is positioned to responsibly carry a reasonable amount of debt service while still having enough capital fund inflows to prudently address the myriad of continuing capital projects that all aging communities face.

## Fund Balances

In 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for its governmental activities. GASB Statement No. 54 establishes various classifications of fund balance based on a hierarchy which details constraints placed on the uses of resources by creditors, grantors, contributors, laws or regulations of other governments and those internally imposed. Fund balances classified as restricted are those with externally enforceable limitations in use. Fund balances classified as committed can only be used for specific purposes determined by formal action of the City Commission through an ordinance. Commitments can only be changed or lifted only by the City Commission through an ordinance. Assigned fund balances are amounts that the City intends to use for a specific purpose but are neither restricted nor committed. The intent to utilize these funds may be delegated to the City Manager, at the City Commission’s discretion, through resolution. Unassigned fund balance can be viewed as the net resources available at the end of the year.

## Major Initiatives and Long-Term Planning

Moving into fiscal year 2021, the City had many uncertainties due to the COVID-19 pandemic, and as a result, many projects were placed on hold. However, due to the evidence of a strong financial recovery, several significant accomplishments and initiatives, outlined below, were completed or are underway in the City of Key West. These projects will have a positive impact on the City's future economic health and quality of life for the residents, businesses, and guests of our island.

Projects completed or "in process" during fiscal year 2021 include the following:

- Drafted and Began Implementation of Key West Forward strategic plan
- Sidewalk and Paving Projects
  - Whitehead and Front Street Improvements
  - 1<sup>st</sup> and Bertha Street improvements in partnership with Monroe Country
  - Simonton Street milling, paving, and ADA sidewalk improvements
  - 19<sup>th</sup> Street sidewalk improvements
  - Pavement Sealing on White, Southard, 8<sup>th</sup>, 5<sup>th</sup>, 11<sup>th</sup>, Grinnell, and Reynolds Streets
  - Caroline and Greene Street improvements
- Pavement Striping and Residential Parking improvements on several City streets
- Completion of Truman Waterfront Park with dog park, restrooms, snack bar, park storage and multipurpose playing field
- Completed Sea Level Rise study
- Completed environmental cleanup at the Garden View Apartments site on College Road and the Bahama Village 3.2-acre housing site
- Initiated the Crosstown Greenway pilot project
- Added 4 Cutaway Vehicles to the City of Key West's Transit System
- Installed driving barriers, air cleaning technology, and on-board video systems to all City Transit Vehicles
- Installed 7-Slip floating dock facility along Trumbo Road
- Completed conceptual design for 631 Greene Street Redevelopment
- Initiated Reimagine Mallory Square Project
- Continued planning on Duval Street Revitalization
- Finalized the City's Post Disaster Redevelopment and Recovery Plan
- Installed new equipment trailers at the Wicker's Sports Complex
- Completed the turfing of Rosa Hernandez Girls Softball Field
- Implemented new Parking application for Pay-by-Phone parking, Online Parking Permits, and Citation Programs
- Completion of the Dennis Street Stormwater Pump Station
- Completion of Stormwater Piping Project at Patricia and Ashby Streets
- Various upgrades and improvements to Stormwater Pump Station

## **Certificate of Achievement Award**

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 Key West for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the thirty-sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for certification.

## **Acknowledgments**

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our sincere appreciation to all members of the department who assisted in and contributed to its preparation. We would also like to thank the members of the City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible, progressive manner.



**Patti K. McLauchlin**  
**City Manager**



**Christina Bervaldi**  
**Interim Finance Director**



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Key West  
Florida**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

*Christopher P. Morrill*

Executive Director/CEO

# City of Key West, Florida

## List of Principal Officials

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### Elected Officials

Mayor	Teri Johnston
Commissioner	Jimmy Weekley
Commissioner	Samuel Kaufman
Commissioner	Billy Wardlow
Commissioner	Gregory Davila
Commissioner	Mary Lou Hoover
Commissioner	Clayton Lopez

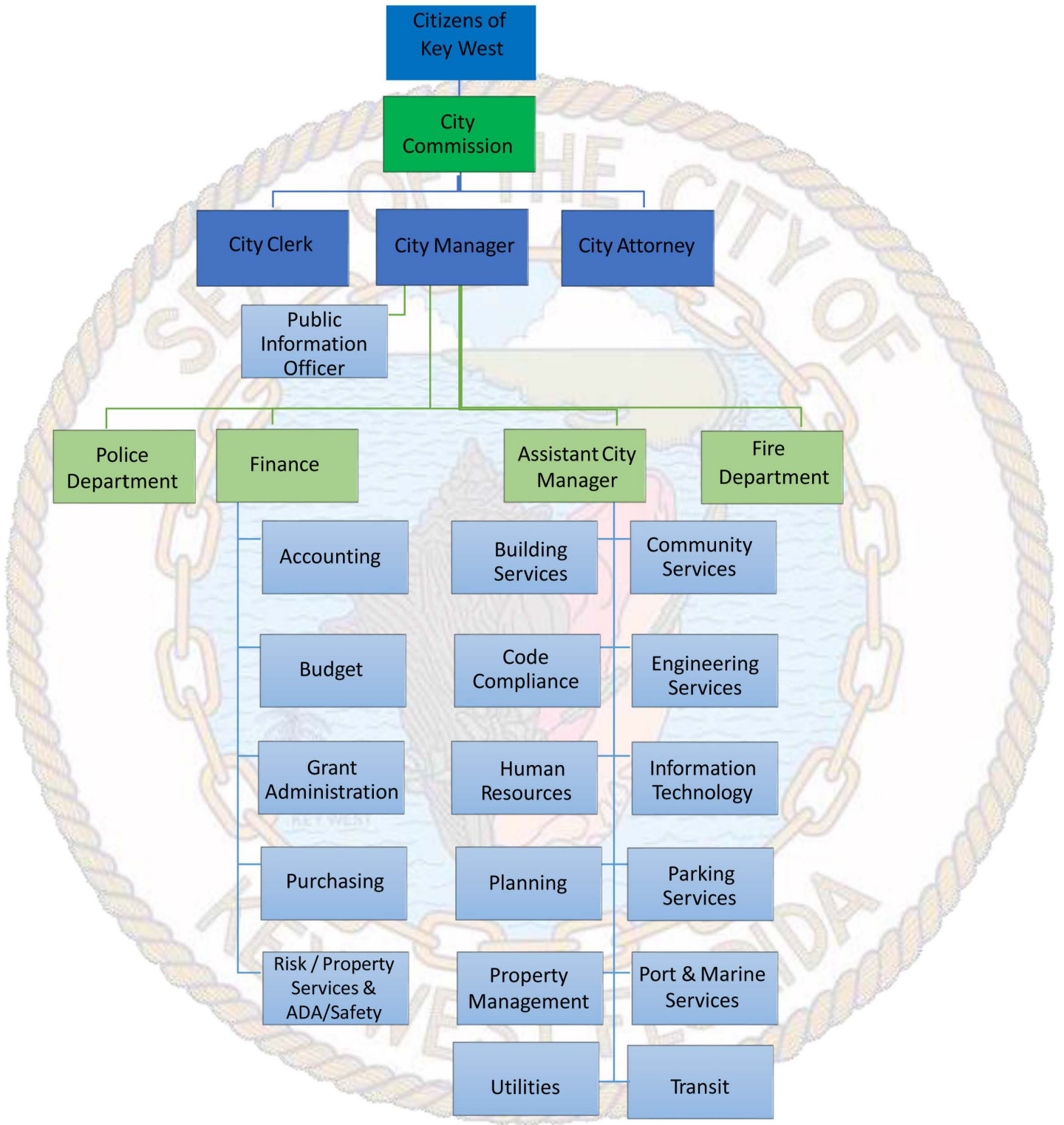
### Appointed Officials

City Manager	Patti McLaughlin
City Clerk	Cheri Smith
City Attorney	Shawn Smith

### Department Directors

Assistant City Manager	Todd Stockton
Building and Licensing	Raj Ramsingh
Police Chief	Sean Brandenburg
Community Services	Marcus Davila
Engineering	Steve McAlearney
Finance and Budget	Christina Bervaldi
Fire Chief	Alan Averette
Human Resources	Samantha Farist
Information Technology	David Monroe
Planning	Katie Halloran
Port and Marina Operations	Doug Bradshaw
Transit	Rod Delostrinos
Code Compliance	Jim Young
Parking	John Wilkins
Utilities	John Paul Castro





## **City of Key West, Florida**

### ***Vision***

*A tropical island with unique community character in harmony with the diversity of its people and with its environment.*

### ***Mission***

*To preserve and protect our island.*

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,  
City Commissioners and City Manager  
City of Key West, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Key West, Florida (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Fund for Police Officers and Firefighters, which represent 67%, 67%, and 68%, respectively, of the assets, net position, and total additions of the Fiduciary Funds. Also, we did not audit the financial statements of The Housing Authority of the City of Key West, Florida, which is the sole discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Fund for Police Officers and Firefighters and The Housing Authority of the City of Key West, Florida, is based solely on the reports of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, Community Development Office Fund and Gas Tax Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to pensions and other post-employment benefits on pages 4 through 14 and 83 through 89, respectively, be presented to supplement the basic financial statements. Such information, 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 and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other 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 introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

City of Key West, Florida

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reports Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2022, 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 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 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida  
April 29, 2022

On behalf of the City of Key West, Florida, management presents, to the readers of the City's financial statements, this narrative overview and analysis of the financial activities for the fiscal year ending September 30, 2021. We are offering this discussion and analysis to provide the reader with a better understanding of the City's overall financial position. This should be considered in conjunction with the additional information in the transmittal letter which begins on page i and the City's financial statements which begin on page 15.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of fiscal year 2021 by \$ 387,882,246 (net position), which is an increase of \$ 12,894,464 compared to the prior year. Of this amount, \$ 57,078,194 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$ 38,989,644, an increase of \$ 10,921,782 from the prior year. Approximately 27% of this amount (\$ 10,577,575) is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) for the general fund is \$ 11,086,338, or approximately 22% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$ 2,033,263 during the current fiscal year. The decrease is attributed to regular payments on outstanding debt.

### **Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

### **Reporting the City as a Whole**

Our analysis of the city as a whole begins on page 15. One of the most important questions asked about the City's finances is, "Is the City, as a whole, better off, or worse off as a result of the activities during fiscal year 2020-21?" The Statement of Net Position and the Statement of Activities report information about the city as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is the accounting used by most private-sector companies. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. The statement of net position presents financial information on all the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. However, it is also important to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

Based upon a review of these statements and in the following discussion, you will see that the City's overall financial position has improved over the prior fiscal year.

In the Statement of Net Position and the Statement of Activities, we divide the city into three kinds of activities:

- **Governmental activities:** Most of the City's basic services are reported here, including the police, fire, community services and parks departments, as well as general administration. Property and other intergovernmental taxes, charges for services, and state and federal grants finance most of these activities.
- **Business-type activities:** The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's sewer, stormwater, solid waste, and transit systems, as well as, City marina facilities, are reported here.
- **Component units:** The City includes one separate legal entity in its report: The Housing Authority of the City of Key West, Florida ("KWH"). The KWH's board has full administrative responsibilities. The city provides free sewer, stormwater, and solid waste services to the KWH. KWH is considered a component unit of the City and is presented discretely in these financial statements.

### Reporting the City's Most Significant Funds

The fund financial statements for each City fund begin on page 17 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by state law and/or by bond covenants. However, the City Commission establishes other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two types of funds (governmental and proprietary) use different accounting approaches.

- **Governmental funds:** Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation on the pages immediately following the governmental fund statements.
- **Proprietary funds:** When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use an internal service fund (the other component of proprietary funds) to report the City's insurance activity, which provides a service to the City's other programs and activities.



**The City as Trustee**

The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of trust arrangements, can be used only for the trust beneficiaries. All the City's fiduciary activities are reported in separate Statements of Net Position and Changes in Net Position - Fiduciary Funds on pages 29 and 30. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**The City as a Whole**

The City's combined net position increased from \$ 374,987,782 to \$ 387,882,246. Governmental activities increased \$ 8,196,224. Most of this increase is the result of operations in the General Fund and Infrastructure Surtax Fund. Business type activities increased \$ 4,698,240, mainly a result of increased charges for services in the Key West Bight Fund, various grants in the Garrison Bight Fund and reduced expenses in the Sanitary Sewer System.

Total net position is comprised of \$ 304,133,909 net investment in capital assets, \$ 26,670,143 restricted for capital projects, transportation, building, housing initiatives, and other purposes, and \$ 57,078,194 in unrestricted funds. Our analysis below, focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

**Table 1  
Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20
Current and other assets	\$ 50,893,737	\$ 41,676,855	\$ 57,977,056	\$ 55,368,015	\$ 108,870,793	\$ 97,044,870
Capital assets	<u>170,899,129</u>	<u>170,709,816</u>	<u>147,214,022</u>	<u>146,739,025</u>	<u>318,113,151</u>	<u>317,448,841</u>
Total assets	<u>221,792,866</u>	<u>212,386,671</u>	<u>205,191,078</u>	<u>202,107,040</u>	<u>426,983,944</u>	<u>414,493,711</u>
Total deferred outflows of resources	<u>17,355,234</u>	<u>15,753,613</u>	<u>843,098</u>	<u>1,051,805</u>	<u>18,198,332</u>	<u>16,805,418</u>
Current liabilities	6,480,353	5,284,170	4,343,033	3,916,674	10,823,386	9,200,844
Long-term debt and other noncurrent liabilities	<u>22,199,985</u>	<u>30,102,932</u>	<u>12,080,525</u>	<u>14,856,967</u>	<u>34,280,510</u>	<u>44,959,899</u>
Total liabilities	<u>28,680,338</u>	<u>35,387,102</u>	<u>16,423,558</u>	<u>18,773,641</u>	<u>45,103,896</u>	<u>54,160,743</u>
Total deferred inflows of resources	<u>11,316,405</u>	<u>1,798,049</u>	<u>879,729</u>	<u>352,555</u>	<u>12,196,134</u>	<u>2,150,604</u>
Net position:						
Net investment in capital assets	168,749,052	170,709,816	135,384,857	133,909,556	304,133,909	304,619,372
Restricted	26,329,207	19,041,345	340,936	319,757	26,670,143	19,361,102
Unrestricted	<u>4,073,098</u>	<u>1,203,972</u>	<u>53,005,096</u>	<u>49,803,336</u>	<u>57,078,194</u>	<u>51,007,308</u>
Total net position	<u>\$ 199,151,357</u>	<u>\$ 190,955,133</u>	<u>\$ 188,730,889</u>	<u>\$ 184,032,649</u>	<u>\$ 387,882,246</u>	<u>\$ 374,987,782</u>

**Governmental Activities – Net Position**

The \$ 199,151,357 in net position of the City's governmental activities is comprised of \$ 168,749,052 net investment in capital assets, \$ 26,329,207 in restricted net position and \$ 4,073,098 in unrestricted net position, which is the part of net position that can be used to finance day-to-day operations of the General Fund and other governmental activities.

The invested in capital assets decreased from the previous year by \$ 1,960,764. This is primarily the result of new additions and disposals netted against current year depreciation of \$ 7,202,341.

Restricted net position of \$ 26,329,207 is restricted to comply with the requirements of the special revenue funds or other legal requirements. This was an increase of \$ 7,287,862 from the previous year. The increase can be attributed mainly to the annual accumulation of approximately \$ 2,000,000 in the two restricted TIF funds, Bahama Village Fund and Caroline Street Fund, and the annual accumulation of approximately \$ 4,600,000 in the Infrastructure Fund. The two TIF funds are controlled by the local CRA and the Infrastructure Fund is restricted surtax monies.

Unrestricted net position increased by \$ 2,869,126 compared to the prior fiscal year. The increase is attributed to an increase in most revenue categories. A steady improvement after the COVID pandemic has resulted in revenue generation to the unrestricted net position.

**Business-Type Activities – Net Position**

The \$ 188,730,889 in net position of the City’s business type activities is comprised of \$ 135,384,857 net investment in capital assets, \$ 340,936 in restricted net position and \$ 53,005,096 in unrestricted net position. This is an increase of 2.6% in net position.

The net investment in capital assets increased from the previous year by \$ 1,475,301. This is primarily the result of new additions and disposals netted against current year depreciation of \$ 8,099,720 and repayment of debt. Restricted net position of \$ 340,936 is restricted to comply with the requirements of the sewer bond issues. Unrestricted net position increased \$ 3,201,760 which was primarily attributable to the marinas, Key West Bight and Garrison Bight.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20
Revenues:						
Program Revenues:						
Charges for services	\$ 14,625,381	\$ 15,234,840	\$ 39,807,535	\$ 34,914,695	\$ 54,432,916	\$ 50,149,535
Operating grants and contributions	4,426,235	4,509,337	2,744,151	3,388,272	7,170,386	7,897,609
Capital grants and contributions	604,931	1,970,342	2,169,999	2,208,398	2,774,930	4,178,740
General Revenues:						
Taxes: property and other	41,160,338	35,192,988	-	-	41,160,338	35,192,988
Intergovernmental	181,056	142,376	-	-	181,056	142,376
Investment earnings	69,162	382,986	106,301	652,986	175,463	1,035,972
Other revenues	1,809,263	1,122,158	902,860	1,298,231	2,712,123	2,420,389
Total revenues	<u>62,876,366</u>	<u>58,555,027</u>	<u>45,730,846</u>	<u>42,462,582</u>	<u>108,607,212</u>	<u>101,017,609</u>

**Table 2**  
**Changes in Net Position**  
**(continued)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20
Program Expenses:						
General government	17,701,166	18,916,432	-	-	17,701,166	18,916,432
Public safety	30,860,100	31,963,351	-	-	30,860,100	31,963,351
Transportation	5,801,491	6,283,423	-	-	5,801,491	6,283,423
Economic environment	2,446,213	2,521,024	-	-	2,446,213	2,521,024
Culture and recreation	4,164,766	4,514,093	-	-	4,164,766	4,514,093
Human services	717,457	633,485	-	-	717,457	633,485
Sanitary Sewer System	-	-	10,178,350	11,187,409	10,178,350	11,187,409
Solid Waste	-	-	8,331,434	8,136,198	8,331,434	8,136,198
Stormwater	-	-	2,815,402	3,051,946	2,815,402	3,051,946
Marinas (Key West and Garrison Bight)	-	-	8,223,818	7,362,590	8,223,818	7,362,590
Transit	-	-	4,472,551	3,888,688	4,472,551	3,888,688
<b>Total expenses</b>	<b>61,691,193</b>	<b>64,831,808</b>	<b>34,021,555</b>	<b>33,626,831</b>	<b>95,712,748</b>	<b>98,458,639</b>
Increase (decrease) in net position before transfers	1,185,173	(6,276,781)	11,709,291	8,835,751	12,894,464	2,558,970
Transfers (net)	7,011,051	5,746,553	(7,011,051)	(5,746,553)	-	-
Changes in net position	8,196,224	(530,228)	4,698,240	3,089,198	12,894,464	2,558,970
<b>Net Position, October 1</b>	<b>190,955,133</b>	<b>191,485,361</b>	<b>184,032,649</b>	<b>180,943,451</b>	<b>374,987,782</b>	<b>372,428,812</b>
<b>Net Position, September 30</b>	<b>\$ 199,151,357</b>	<b>\$ 190,955,133</b>	<b>\$ 188,730,889</b>	<b>\$ 184,032,649</b>	<b>\$ 387,882,246</b>	<b>\$ 374,987,782</b>

The City's total revenues reported are \$ 108,607,212, which in part represents \$ 54,432,916 in charges for services and \$ 41,160,338 in property and other taxes. Total expenses of \$ 95,712,748 are reported. As shown above, revenues have increased, and expenses have decreased for the year. Most of the increase in revenues and decrease in expenses is due to the lifting of COVID restrictions and normalizing city business. The effects of the restrictions are discussed throughout the financial statements.

**Governmental Activities – Changes in Net Position**

Total revenues for the City's governmental activities of \$ 62,876,366 include \$ 14,625,381 in fees, fines and charges for services, as well as, \$ 41,160,338 in property, state shared and local taxes.

For the year, the City's governmental revenues increased \$ 4,321,339 or a 7.4% increase. Approximately \$ 1,400,000 of the increase is attributable to the General Fund and \$ 2,800,000 to the Infrastructure Fund. The General Fund had increases in most revenue categories during fiscal year 2021. The lifting of COVID restrictions affected the increases in both funds.

The cost of all governmental activities this year was \$ 61,691,193. However, as shown in the Statement of Activities on page 16, the amount that our taxpayers ultimately financed for these activities, through City ad valorem taxes, was \$ 17,492,151. This is because \$ 14,625,381 of the cost was paid for by those who directly benefited from the programs as well as other governments and organizations that subsidized certain programs with grants and contributions, providing \$ 5,031,166. The City paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

Table 3 presents the cost of each of the City's five largest programs: general government, public safety, culture and recreation, transportation, and economic environment as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions. As you can see, the main profit-making program is transportation due to the inclusion of cruise-ship and parking revenues.

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net (Cost) Profit of Services	
	FY 21	FY 20	FY 21	FY 20
General government	\$ 17,701,166	\$ 18,916,432	\$ (12,711,649)	\$ (13,478,722)
Public safety	30,860,100	31,963,351	(26,716,033)	(27,598,849)
Culture and recreation	4,164,766	4,514,093	(1,750,665)	(1,989,564)
Transportation	5,801,491	6,283,423	1,303,416	2,345,698
Economic environment	2,446,213	2,521,024	(1,442,258)	(1,762,367)
Human services	717,457	633,485	(717,457)	(633,485)
Totals	\$ <u>61,691,193</u>	\$ <u>64,831,808</u>	\$ <u>(42,034,646)</u>	\$ <u>(43,117,289)</u>

**Business-Type Activities – Changes in Net Position**

Revenues of the City's business-type activities (see Table 2) increased by 7.7% (\$ 42,462,582 in 2020 compared to \$ 45,730,846 in 2021). All funds experienced an increase in total revenues over prior year. Except for the Stormwater Fund, all funds had increases to Charges for Services. The Stormwater Fund, however had its increase in Grant Income of approximately \$ 850,000.

**Financial Analysis of the City’s Funds**

As stated previously, the City of Key West uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental funds:** As of September 30, 2021, the City's governmental funds reported combined fund balances of \$ 38,989,644, which is an increase of \$ 10,921,782 in comparison with the prior fiscal year. Fund balance across the major governmental funds increased \$ 7,446,088. The nonmajor funds increased \$ 3,475,694

The General Fund is the chief operating fund of the City. As of September 30, 2021, the unassigned fund balance account in the General Fund was \$ 10,577,575, an increase of \$ 3,857,215 from the previous year. Most of the increase was recognized in Intergovernmental revenues. The unassigned fund balance amount represents approximately 16% of the 2022 General Fund budgeted expenditures, excluding capital outlay. Discussed later in the financials, this put the unassigned fund balance below the City’s minimum fund balance policy of between 20% and 25% of budgeted expenditures.

**City of Key West, Florida**  
**Management’s Discussion and Analysis**  
**September 30, 2021**

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Total General Fund expenditures remained virtually unchanged. This was a result of a tightly controlled budget to mitigate prior year revenue losses due to the COVID pandemic. Revenues in the General Fund, increased by \$ 1,343,084 or 3.2%. This increase, as discussed earlier, is a result of the city opening up to tourist and the recovery from the COVID pandemic.

The Community Development Office Fund variances from the prior year saw revenues increased by \$ 57,349 and expenditures only increased by \$ 11,219. There were no major program changes. Normal year to year fluctuations.

The fund balance in the Gas Tax Fund decreased slightly by \$ 14,752. The fund revenues increased by \$ 436,294 and expenditures decreased by \$ 2,648,621. The significant decrease in expenditures was a result of street and sidewalk infrastructure projects going back to routine scheduling after the lockdowns were lifted. The prior year accelerated many projects, taking advantage of the lockdown which made street and sidewalk construction easier.

Fund balance in the Infrastructure Surtax Fund increased \$ 4,566,262. The revenues increased by \$ 2,827,437. Tax revenue in the fund increased \$ 3,437,101 from the prior year, while Intergovernmental decreased \$ 588,053. Prior year mandated business closures, due to the pandemic, were lifted and resulted in increased infrastructure surtax collections. Total expenditures increased by \$ 2,586,035. The city actively began working its capital projects programs after having those projects suspended in the prior year.

The Capital Projects Fund had a decrease in fund balance of \$ 120,603. There is very little activity in the fund other than a couple project design expenditures.

**Proprietary funds:** The City of Key West proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of proprietary funds at year-end are as follows:

Fund	Unrestricted Net Position (Deficit)	
	FY 21	FY 20
Sanitary Sewer System	\$ 17,905,168	\$ 17,885,030
Solid Waste	9,268,462	9,556,556
Stormwater	2,555,492	3,046,095
Key West Bight	20,899,242	18,359,974
Garrison Bight	1,978,422	250,598
Transit System	398,310	705,083
	<u>\$ 53,005,096</u>	<u>\$ 49,803,336</u>

The Sanitary Sewer System Fund unrestricted net position and restricted for debt service amounts were virtually unchanged. Combined only had an increase of approximately \$ 20,000. Net investment in capital assets had an increase of approximately \$ 1,400,000. A result of additions being greater than the depreciation expense for the year.

The Solid Waste Fund net position decreased by \$ 707,903 compared to the prior year. There was a decrease in unrestricted net position of \$ 288,094 mainly from the decrease in unrealized investment earnings and increased expenses. The net investment in capital assets reduction of \$ 419,809 is the result of less additions to offset depreciation expense.

The Stormwater Fund unrestricted net position decreased by \$ 490,603. The unrestricted net position decrease of was predominately due to an increase in capital asset additions. Net investment in capital assets increased \$ 1,303,407 due to capital additions being more than the depreciation expense for the year.

The Key West Bight Fund had an increase in unrestricted net position of \$ 2,539,268. The change in unrestricted net position was a combination of significant increase in charges for services offset by expense reductions.

The Garrison Bight Fund unrestricted net position had a significant increase of \$ 1,727,824. The combined net position increased by \$ 1,611,114. This overall increase is attributed to a \$ 757,928 in grant income.

The Transit System Fund net position decreased by \$ 994,325 compared to the prior year. This decrease is attributable to higher operating expenses in the current year as the City recovers from the COVID pandemic.

### **Fiscal Year 2020-21 General Fund Budgetary Highlights**

For almost the entire fiscal year 2021, the City made various budget amendments which were approved by the City Commission to maintain budget compliance within its major categories. As required by City code, all contracts and purchases more than \$ 50,000 were approved by the City Commission.

General Fund overall revenues were over budget by \$ 1,475,279. The following is a breakdown by major revenue category.

- Taxes were under budget by \$ 294,234. The variance is mostly attributable to amusement and other taxes being down.
- Licenses and Permits were under budget by \$ 799,471. The variance is attributable to the building activity in the City being slow to respond after the lockdowns.
- Intergovernmental were over budget by \$ 2,018,845. The variance is attributable to the over \$ 1 million in CARES funds from the county as well as the increased revenue received for both Municipal Revenue Sharing and Local Government ½ Cent Sales Tax revenues. With more visitors to the state after the lockdowns were lifted, the revenues received from the State of Florida were positively affected.
- Charges for Services were over budget by \$ 1,005,279. Most charges for services were under budget except for parking. The City's parking revenue exceeded the budget by \$ 1,403,819.
- Fines and Forfeitures were under budget by \$ 91,277. The variance is mainly attributable to court fines and parking citations. Court proceedings were on hold for a few months due to COVID. Parking citations have decreased with the addition of various parking payment options. Visitors are now able to pay for parking easily thereby avoiding a parking citation.
- Investment Earnings were under budget by \$ 153,559. The variance is attributable to lower rate of returns on investments.
- Rental Income were under budget by \$ 271,012. The variance is attributable to lease abatements and deferments granted because of the COVID pandemic.
- Contributions and other was over budget by \$ 60,708. Unbudgeted Tree Commission Donations and Mounted Police Donations resulted in the over budget collections.

**City of Key West, Florida**  
**Management's Discussion and Analysis**  
**September 30, 2021**

Total General Fund expenditures were lower than the budget by \$ 249,244. Personnel services were overbudget by \$ 664,724; primarily from an increase in public safety hours worked to enforce mask mandates. Operating was under budget by \$ 651,811 which was achieved through tight operational control. Capital outlay was underbudget by \$ 266,567, which was due to timing delays in receiving capital purchases.

**Capital Assets**

At the end of fiscal year 2021, the City had \$ 318,113,151 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines. (See Table 4 below).

**Table 4**  
**Capital Assets at Year-End**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20
Capital assets, not being depreciated:						
Land	\$ 56,687,796	\$ 56,687,796	\$ 18,681,034	\$ 18,681,034	\$ 75,368,830	\$ 75,368,830
Works of art	137,400	137,400	-	-	137,400	137,400
Construction in progress	7,979,799	4,763,132	10,145,535	8,108,352	18,125,334	12,871,484
Capital assets, being depreciated:						
Buildings and improvements	53,627,641	53,510,724	57,269,770	57,131,751	110,897,411	110,642,475
Machinery, equipment and furniture	28,355,467	28,629,437	19,062,934	17,953,888	47,418,401	46,583,325
Works of art	220,510	167,973	-	-	220,510	167,973
Infrastructure	95,012,611	92,593,387	188,506,836	184,176,580	283,519,447	276,769,967
Depreciation	(71,122,095)	(65,780,033)	(146,452,087)	(139,312,580)	(217,574,182)	(205,092,613)
Totals	\$ 170,899,129	\$ 170,709,816	\$ 147,214,022	\$ 146,739,025	\$ 318,113,151	\$ 317,448,841

This year's major additions included:

In the governmental activities, the City recognized a little over \$ 1.7 million in street paving and over \$ 120,000 in sidewalk replacement. The Rosa Hernandez Park improvements were \$ 418,000 and East & West Cable Hut Improvements were \$ 379,655. There were parking equipment additions totaling \$ 172,640. Vehicle additions were largely for public safety equipment to include an ambulance for \$ 185,758.

In the Business-Type Activities:

- The Sanitary Sewer Fund added a \$ 238,750 generator for pump station E. There was also one dump truck purchased for \$ 137,293.
- The Stormwater Fund added a \$ 2,102,136 project for Patricia and Ashby Street.
- There were no significant additions to the Solid Waste Fund.
- The Key West Bight Fund completed the Trumbo Road floating docks for \$ 845,105. There was also \$ 162,452 in multiple small projects and equipment added.

- The Transit Fund added \$ 388,232 for four cut-away busses. Also, the bus equipment which included radios and video equipment costing \$ 263,843.
- The City Marina added \$ 1,847,141 for the Kingfish Pier Replacement, \$ 191,681 for the seawall guardrail replacement and \$ 79,424 for the liveaboard water main replacement. In addition, various machinery and equipment was added.

More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

**Debt Administration**

At year-end, the City had \$ 10,905,840 in outstanding long-term debt as shown in Table 5:

**Table 5**  
**Outstanding Long Term Debt at Year-End**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 21	FY 20	FY 21	FY 20	FY 21	FY 20
Promissory notes	\$ -	\$ -	\$ 180,235	\$ 532,061	\$ 180,235	\$ 532,061
Capital lease	308,365	-	-	-	308,365	-
Revenue bonds and notes	-	-	10,417,240	12,407,042	10,417,240	12,407,042
<b>Totals</b>	<b>\$ 308,365</b>	<b>\$ -</b>	<b>\$ 10,597,475</b>	<b>\$ 12,939,103</b>	<b>\$ 10,905,840</b>	<b>\$ 12,939,103</b>

Other obligations include accrued vacation pay, sick leave, OPEB liability, net pension liability, and outstanding/estimated insurance claims. More detailed information about the City's long-term liabilities is presented in Note 12 to the financial statements.

**Economic Factors and Next Year’s Budgets and Rates**

Throughout fiscal year 2021, most tourism dependent revenue streams began to rise to unprecedented levels. Parking fares, airport arrivals, sales tax proceeds, and marina transient dockage revenue reflected an almost complete community and governmental recovery from the economic impacts of the global COVID-19 pandemic. While not all sectors of the tourism community have been brought back to pre-COVID levels, the strong revenue collections experienced in fiscal year 2021 are representative of a thriving local economy.

Given the economic boom the community was experiencing, the City of Key West was able to reinstitute previously suspended positions throughout the year and several operational requirements which had previously not been funded, refocus on the delivery of quality community services and the buildup of adequate operational reserves, and other critical aspects of excellent municipal governance were made possible through a strong and expanding local economy. In addition, the City was also able to recommit to strategic and capital planning through the development of a formal strategic plan, Key West Forward. The plan was developed through Commission, staff, and community input and involvement over a 9-month period and identified the City’s top priorities, projects, and strategies.



When the City began to develop the budget for fiscal year 2022 in April, City leadership decided to return to pre-COVID operational and capital requirements and forecasts and to utilize the Key West Forward strategic plan as a road map for our budgeting process. The top six priorities for the City, per the newly developed strategic plan, are Affordable Housing, Sea Level Rise, Streets and Sidewalks, Environmental Protection, Cleanliness, and Traffic and Pedestrian Friendliness. These priorities are all addressed in some form in the fiscal year 2022 budget. Along with these priorities, City management has determined that fiscal year 2022 is 'the year of the employee.' To combat the ever-growing issue of employee retention, City management decided to have a compensation and staffing study completed and implemented the recommended changes. When adopted, the fiscal year 2022 operating budget successfully addressed several Key West Forward initiatives and began to address employee retention issues, while setting up the City for another year of growth.

The fiscal year 2022 General Fund budget is \$ 68.5 million, which is approximately a \$ 6.1 million increase from the original adopted fiscal year 2021 budget of \$ 62.4 million. Increases to existing parking, planning, and regulatory fees, continued projected increases in sales tax collections, along with a 5.5% increase to ad valorem taxes, will both help support the increases to personnel services implemented in fiscal year 2022, as well as beginning the implementation of Key West Forward, the City's newly developed strategic plan.

The City's fiscal year 2022 City wide adopted budget is \$ 207.5 million, which is approximately a \$ 17.6 million increase (or 8.5%) from the original adopted fiscal year 2021 budget of \$ 189.9 million. Charges for services for the City's three utilities were adjusted for fiscal year 2022. Specifically, wastewater, stormwater and solid waste were adjusted 2.3%, 1% and 1.1%, respectively. Most city-wide commercial tenant leases have built-in fixed increases and all other marina fees were left unchanged for fiscal year 2022.

### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please visit the City's web site at [www.cityofkeywest-fl.gov](http://www.cityofkeywest-fl.gov) or by contacting the Finance Department, City of Key West, P.O. Box 1409, Key West, FL 33041.

## **BASIC FINANCIAL STATEMENTS**

**City of Key West, Florida**  
**Statement of Net Position**  
**September 30, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets:</b>				
Cash, cash equivalents, and investments	\$ 40,887,220	\$ 49,305,729	\$ 90,192,949	\$ 7,537,694
Cash, cash equivalents, and investments (restricted)	-	1,001,617	1,001,617	537,848
Accounts receivable (net of allowances)	2,076,385	3,516,052	5,592,437	96,472
Intergovernmental receivables	4,317,445	2,535,060	6,852,505	995,183
Inventories	32,052	643,331	675,383	106,976
Prepaid items and other assets	183,939	40,741	224,680	678,979
Internal balances	842,896	(842,896)	-	-
Capital assets, not being depreciated:				
Land	56,687,796	18,681,034	75,368,830	11,523,552
Works of art	137,400	-	137,400	-
Construction in progress	7,979,799	10,145,535	18,125,334	1,066,653
Capital assets, being depreciated:				
Buildings and improvements	53,627,641	57,269,770	110,897,411	86,975,158
Machinery, equipment and furniture	28,355,467	19,062,934	47,418,401	2,267,205
Works of art	220,510	-	220,510	-
Infrastructure	95,012,611	188,506,836	283,519,447	1,206,645
Accumulated depreciation	(71,122,095)	(146,452,087)	(217,574,182)	(38,800,101)
Other, including loans, mortgages, and other notes receivable	1,608,746	1,463,076	3,071,822	-
Net pension asset	945,054	314,346	1,259,400	351,662
<b>Total assets</b>	<b>221,792,866</b>	<b>205,191,078</b>	<b>426,983,944</b>	<b>74,543,926</b>
<b>Deferred Outflows of Resources:</b>				
Deferred outflows relating to pensions	16,072,647	668,995	16,741,642	391,937
Deferred outflows relating to other post employment benefits (OPEB)	1,282,587	95,140	1,377,727	549,991
Deferred charge on refunding	-	78,963	78,963	-
<b>Total deferred outflows of resources</b>	<b>17,355,234</b>	<b>843,098</b>	<b>18,198,332</b>	<b>941,928</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 239,148,100</b>	<b>\$ 206,034,176</b>	<b>\$ 445,182,276</b>	<b>\$ 75,485,854</b>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 903,751	\$ 1,263,923	\$ 2,167,674	\$ 1,015,043
Accrued payroll and benefits	1,293,468	142,567	1,436,035	-
Unearned revenue	2,148,878	1,488,538	3,637,416	111,979
Intergovernmental	232,844	-	232,844	79,416
Deposits	56,972	-	56,972	472,566
Contracts and retainage payable	1,841,712	1,310,653	3,152,365	-
Accrued interest	2,728	137,352	140,080	-
Noncurrent liabilities:				
Due within one year	5,120,357	2,564,719	7,685,076	1,841,998
Due in more than one year	17,079,628	9,515,806	26,595,434	46,497,751
<b>Total liabilities</b>	<b>28,680,338</b>	<b>16,423,558</b>	<b>45,103,896</b>	<b>50,018,753</b>
<b>Deferred Inflows of Resources:</b>				
Deferred inflows relating to pensions	5,505,275	468,630	5,973,905	1,076,824
Deferred inflows relating to other post employment benefits (OPEB)	5,811,130	411,099	6,222,229	294,601
<b>Total deferred inflows of resources</b>	<b>11,316,405</b>	<b>879,729</b>	<b>12,196,134</b>	<b>1,371,425</b>
<b>Net Position:</b>				
Net investment in capital assets	168,749,052	135,384,857	304,133,909	14,510,610
Restricted for:				
Infrastructure and capital projects	8,788,571	-	8,788,571	-
Debt service	-	340,936	340,936	-
Transportation	7,325,357	-	7,325,357	-
Building Department	319,106	-	319,106	-
Natural resources	1,947,825	-	1,947,825	-
Housing initiatives and urban redevelopment	7,832,029	-	7,832,029	844
Law enforcement	116,319	-	116,319	-
Unrestricted	4,073,098	53,005,096	57,078,194	9,584,222
<b>Total net position</b>	<b>199,151,357</b>	<b>188,730,889</b>	<b>387,882,246</b>	<b>24,095,676</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 239,148,100</b>	<b>\$ 206,034,176</b>	<b>\$ 445,182,276</b>	<b>\$ 75,485,854</b>

The accompanying notes to the financial statements are an integral part of these statements.

**City of Key West, Florida**  
**Statement of Activities**  
**For the Year Ended September 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
Governmental activities:								
General government	\$ 17,698,438	\$ 3,248,324	\$ 1,640,713	\$ 100,480	\$ (12,708,921)	\$ -	\$ (12,708,921)	\$ -
Public safety	30,860,100	3,931,326	103,531	109,210	(26,716,033)	-	(26,716,033)	-
Transportation	5,801,491	6,720,426	-	384,481	1,303,416	-	1,303,416	-
Economic environment	2,446,213	57,070	946,885	-	(1,442,258)	-	(1,442,258)	-
Culture and recreation	4,164,766	668,235	1,735,106	10,760	(1,750,665)	-	(1,750,665)	-
Human services	717,457	-	-	-	(717,457)	-	(717,457)	-
Interest and other fiscal charges	2,728	-	-	-	(2,728)	-	(2,728)	-
Total governmental activities	61,691,193	14,625,381	4,426,235	604,931	(42,034,646)	-	(42,034,646)	-
Business-Type Activities:								
Sanitary Sewer System	10,178,350	11,853,625	-	129,961	-	1,805,236	1,805,236	-
Solid Waste	8,331,434	9,330,434	15,000	-	-	1,014,000	1,014,000	-
Key West Bight	6,170,080	12,089,985	3,713	-	-	5,923,618	5,923,618	-
Stormwater	2,815,402	2,381,771	-	1,442,762	-	1,009,131	1,009,131	-
Garrison Bight	2,053,738	2,997,904	757,928	-	-	1,702,094	1,702,094	-
Transit System	4,472,551	1,153,816	1,967,510	597,276	-	(753,949)	(753,949)	-
Total business-type activities	34,021,555	39,807,535	2,744,151	2,169,999	-	10,700,130	10,700,130	-
Total primary government	\$ 95,712,748	\$ 54,432,916	\$ 7,170,386	\$ 2,774,930	(42,034,646)	10,700,130	(31,334,516)	-
<b>Component Unit:</b>								
The Housing Authority of the City of Key West, Florida	\$ 16,783,178	\$ 10,254,181	\$ 4,364,861	\$ 1,614				(2,162,522)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					17,492,151	-	17,492,151	-
Communications taxes					1,208,936	-	1,208,936	-
Local business tax					1,554,690	-	1,554,690	-
Municipal revenue sharing gas and cigarette tax					1,533,354	-	1,533,354	-
One cent sales tax					11,434,500	-	11,434,500	-
Half cent sales tax					6,049,292	-	6,049,292	-
Local option gas tax					1,887,415	-	1,887,415	-
Intergovernmental income (unrestricted)					181,056	-	181,056	-
Payment in lieu of tax					495,706	-	495,706	-
Investment earnings					69,162	106,301	175,463	51,969
Other, including gain on sale of capital assets					1,313,557	902,860	2,216,417	871,664
Transfers in (out)					7,011,051	(7,011,051)	-	-
Total general revenues and transfers					50,230,870	(6,001,890)	44,228,980	923,633
Change in net position					8,196,224	4,698,240	12,894,464	(1,238,889)
<b>Net Position, October 1</b>					190,955,133	184,032,649	374,987,782	25,334,565
<b>Net Position, September 30</b>					\$ 199,151,357	\$ 188,730,889	\$ 387,882,246	\$ 24,095,676

The accompanying notes to the financial statements are an integral part of these statements.

**City of Key West, Florida**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2021**

	<u>General Fund</u>	<u>Community Development Office Fund</u>	<u>Gas Tax Fund</u>	<u>Infrastructure Surtax Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>							
Cash, cash equivalents, and investments	\$ 12,040,377	\$ 163,647	\$ 4,072,677	\$ 8,487,959	\$ 363,202	\$ 12,213,597	\$ 37,341,459
Receivables (net of allowance for uncollectibles):							
Accounts	1,353,919	155,551	-	-	-	-	1,509,470
Intergovernmental	1,113,520	118,691	876,995	917,342	-	1,290,897	4,317,445
Mortgage notes	-	1,608,746	-	-	-	-	1,608,746
Inventories	32,052	-	-	-	-	-	32,052
Advances to other funds	800,219	-	-	-	-	-	800,219
Prepays	104,991	9,017	-	-	-	97	114,105
<b>Total assets</b>	<u>\$ 15,445,078</u>	<u>\$ 2,055,652</u>	<u>\$ 4,949,672</u>	<u>\$ 9,405,301</u>	<u>\$ 363,202</u>	<u>\$ 13,504,591</u>	<u>\$ 45,723,496</u>
<b>Liabilities:</b>							
Accounts payable	\$ 624,321	\$ 2,610	\$ 7,614	\$ -	\$ -	\$ 264,862	\$ 899,407
Accrued payroll and related expenditures	1,257,185	-	10,445	7,040	3,392	12,255	1,290,317
Interfund payable	258,622	-	3,630	1,452	726	7,828	272,258
Intergovernmental	65,503	167,341	-	-	-	-	232,844
Deposits	56,972	-	-	-	-	-	56,972
Unearned revenue	838,346	1,272,369	22,097	-	-	7,530	2,140,342
Contracts and retainage payable	1,423	-	821,192	967,322	-	51,775	1,841,712
<b>Total liabilities</b>	<u>3,102,372</u>	<u>1,442,320</u>	<u>864,978</u>	<u>975,814</u>	<u>4,118</u>	<u>344,250</u>	<u>6,733,852</u>
<b>Fund Balances:</b>							
Non-spendable:							
Inventories	32,052	-	-	-	-	-	32,052
Long-term advances/notes	800,219	-	-	-	-	-	800,219
Prepays	104,991	9,017	-	-	-	97	114,105
Restricted for:							
Infrastructure and capital projects	-	-	-	8,429,487	359,084	-	8,788,571
Housing initiatives and urban redevelopment	-	138,993	-	-	-	7,693,036	7,832,029
Law enforcement	-	-	-	-	-	116,319	116,319
Building department	319,106	-	-	-	-	-	319,106
Transportation	-	-	4,084,694	-	-	3,240,663	7,325,357
Natural resources	-	-	-	-	-	1,947,825	1,947,825
Committed to:							
Art in public places	-	-	-	-	-	102,274	102,274
Truman Waterfront	-	-	-	-	-	60,127	60,127
Housing initiatives and urban redevelopment	-	465,322	-	-	-	-	465,322
Culture and recreation	54,729	-	-	-	-	-	54,729
Assigned to:							
Subsequent year's budget	454,034	-	-	-	-	-	454,034
Unassigned	10,577,575	-	-	-	-	-	10,577,575
<b>Total fund balances</b>	<u>12,342,706</u>	<u>613,332</u>	<u>4,084,694</u>	<u>8,429,487</u>	<u>359,084</u>	<u>13,160,341</u>	<u>38,989,644</u>
<b>Total liabilities and fund balances</b>	<u>\$ 15,445,078</u>	<u>\$ 2,055,652</u>	<u>\$ 4,949,672</u>	<u>\$ 9,405,301</u>	<u>\$ 363,202</u>	<u>\$ 13,504,591</u>	<u>\$ 45,723,496</u>

The accompanying notes to the financial statements are an integral part of these statements.

**City of Key West, Florida**  
**Reconciliation of the Balance Sheet of Governmental Funds to**  
**the Statement of Net Position**  
**September 30, 2021**

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**Fund Balances - Total Governmental Funds** \$ 38,989,644

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. 170,899,129

Internal service funds are used by management to charge the costs of insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 311,614

Certain funds related to pension assets and liabilities are not reported in the governmental funds.

Deferred outflows relating to pensions	\$ 16,072,647	
Deferred outflows relating to other post employment benefits (OPEB)	1,282,587	
Deferred inflows relating to pensions	(5,505,275)	
Deferred inflows relating to other post employment benefits (OPEB)	<u>(5,811,130)</u>	6,038,829

Net pension asset is not an available resource and, therefore, is not reported in the governmental funds. 945,054

Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities are comprised of the following:

Net pension liability	\$ (7,057,053)	
Other post employment benefits (OPEB)	(5,755,116)	
Accrued interest	(2,728)	
Capital lease	(308,365)	
Compensated absences*	<u>(4,909,651)</u>	<u>(18,032,913)</u>

**Net Position of Governmental Activities** \$ 199,151,357

\* Not created in connection with terminated employees.

The accompanying notes to the financial statements are an integral part of these statements.

**City of Key West, Florida**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Governmental Funds**  
**For the Year Ended September 30, 2021**

	General Fund	Community Development Office Fund	Gas Tax Fund	Infrastructure Surtax Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Taxes	\$ 17,813,272	\$ -	\$ 1,887,415	\$ 11,434,500	\$ -	\$ 1,229,048	\$ 32,364,235
Licenses and permits	3,575,220	-	-	-	-	-	3,575,220
Intergovernmental	11,691,250	514,284	504,299	186,195	-	1,331,680	14,227,708
Charges for services	7,826,389	-	-	-	-	1,285,117	9,111,506
Fines and forfeitures	679,723	-	-	-	-	131	679,854
Investment earnings	46,441	1,117	4,915	5,075	549	11,065	69,162
Rental income	1,991,202	-	-	-	-	-	1,991,202
Contributions and other	229,409	57,220	359,050	-	-	887,500	1,533,179
<b>Total revenues</b>	<b>43,852,906</b>	<b>572,621</b>	<b>2,755,679</b>	<b>11,625,770</b>	<b>549</b>	<b>4,744,541</b>	<b>63,552,066</b>
<b>Expenditures:</b>							
Current:							
General government	15,611,841	-	-	260,593	105,817	51,637	16,029,888
Public safety	30,269,744	-	-	29,570	-	22,144	30,321,458
Transportation	402,125	-	1,530,803	44,959	-	919,608	2,897,495
Economic environment	1,042,270	608,102	-	-	-	437,098	2,087,470
Culture and recreation	2,953,319	-	-	-	-	685,610	3,638,929
Human services	712,335	-	-	-	-	-	712,335
Capital outlay	247,820	-	1,465,759	5,638,454	-	120,421	7,472,454
<b>Total expenditures</b>	<b>51,239,454</b>	<b>608,102</b>	<b>2,996,562</b>	<b>5,973,576</b>	<b>105,817</b>	<b>2,236,518</b>	<b>63,160,029</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(7,386,548)</b>	<b>(35,481)</b>	<b>(240,883)</b>	<b>5,652,194</b>	<b>(105,268)</b>	<b>2,508,023</b>	<b>392,037</b>
<b>Other financing sources (uses):</b>							
Transfers in	11,843,023	77,302	500,000	-	-	1,408,823	13,829,148
Transfers out	(1,483,115)	-	(273,869)	(1,394,297)	(15,335)	(441,152)	(3,607,768)
Proceeds from capital lease	-	-	-	308,365	-	-	308,365
<b>Total other financing sources (uses)</b>	<b>10,359,908</b>	<b>77,302</b>	<b>226,131</b>	<b>(1,085,932)</b>	<b>(15,335)</b>	<b>967,671</b>	<b>10,529,745</b>
<b>Net changes in fund balances</b>	<b>2,973,360</b>	<b>41,821</b>	<b>(14,752)</b>	<b>4,566,262</b>	<b>(120,603)</b>	<b>3,475,694</b>	<b>10,921,782</b>
<b>Fund balances, October 1</b>	<b>9,369,346</b>	<b>571,511</b>	<b>4,099,446</b>	<b>3,863,225</b>	<b>479,687</b>	<b>9,684,647</b>	<b>28,067,862</b>
<b>Fund balances, September 30</b>	<b>\$ 12,342,706</b>	<b>\$ 613,332</b>	<b>\$ 4,084,694</b>	<b>\$ 8,429,487</b>	<b>\$ 359,084</b>	<b>\$ 13,160,341</b>	<b>\$ 38,989,644</b>

The accompanying notes to the financial statements are an integral part of these statements.

**City of Key West, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Year Ended September 30, 2021**

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**Net Change in Fund Balances - Total Governmental Funds** \$ 10,921,782

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. This is the amount by which capital outlay exceeded depreciation expense for the current period:

Expenditures for capital assets	\$	7,472,454	
Less: Net book value of disposed capital assets		(80,800)	
Less: current year depreciation		(7,202,341)	189,313

The issuance of long-term debt provides current financial resources to governmental funds, however, has no effect on net position. (308,365)

Revenues that are earned but not received within the availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available. The net difference is recorded as a reconciling item. (675,700)

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 net pension asset	\$	945,054	
Change in net pension liability		3,583,593	
Change in other post employment benefits (OPEB)		4,272,924	
Change in accrued interest		(2,728)	
Change in compensated absences		512,893	9,311,736

Certain changes related to pension liabilities are not reported in the net change in the governmental funds:

Change in deferred outflows relating to pensions	\$	1,367,814	
Change in deferred outflows relating to other post employment benefits (OPEB)		233,807	
Change in deferred inflows relating to pensions		(4,563,652)	
Change in deferred inflows relating to other post employment benefits (OPEB)		(4,954,704)	(7,916,735)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service fund is reported with governmental funds. (3,325,807)

**Change in Net Position of Governmental Activities** \$ 8,196,224

The accompanying notes to the financial statements are an integral part of these statements.



City of Key West, Florida  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
General Fund  
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 18,107,506	\$ 18,107,506	\$ 17,813,272	\$ (294,234)
Licenses and permits	3,979,691	4,374,691	3,575,220	(799,471)
Intergovernmental	8,286,254	9,672,405	11,691,250	2,018,845
Charges for services	6,737,262	6,821,110	7,826,389	1,005,279
Fines and forfeitures	771,000	771,000	679,723	(91,277)
Investment earnings	200,000	200,000	46,441	(153,559)
Rental income	2,262,214	2,262,214	1,991,202	(271,012)
Contributions and other	460,200	168,701	229,409	60,708
<b>Total revenues</b>	<b>40,804,127</b>	<b>42,377,627</b>	<b>43,852,906</b>	<b>1,475,279</b>
<b>Expenditures:</b>				
Personnel services	41,998,368	41,338,459	42,003,183	(664,724)
Operating	8,005,527	8,597,992	7,946,181	651,811
Capital outlay	40,290	514,387	247,820	266,567
Aid to private organizations	525,000	1,037,860	1,042,270	(4,410)
<b>Total expenditures</b>	<b>50,569,185</b>	<b>51,488,698</b>	<b>51,239,454</b>	<b>249,244</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(9,765,058)</b>	<b>(9,111,071)</b>	<b>(7,386,548)</b>	<b>1,724,523</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	12,021,237	12,025,237	11,843,023	(182,214)
Transfers out	(1,483,115)	(1,483,115)	(1,483,115)	-
Sale of general capital assets	25,000	25,000	-	(25,000)
<b>Total other financing sources (uses)</b>	<b>10,563,122</b>	<b>10,567,122</b>	<b>10,359,908</b>	<b>(207,214)</b>
<b>Net change in fund balance</b>	<b>\$ 798,064</b>	<b>\$ 1,456,051</b>	<b>2,973,360</b>	<b>\$ 1,517,309</b>
<b>Fund Balance, October 1</b>			<b>9,369,346</b>	
<b>Fund Balance, September 30</b>			<b>\$ 12,342,706</b>	

The accompanying notes to the financial statements are an integral part of these statements.

City of Key West, Florida  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Community Development Office Fund - Special Revenue Fund  
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 33,000	\$ 33,000	\$ 514,284	\$ 481,284
Investment earnings	-	-	1,117	1,117
Contributions and other	-	-	57,220	57,220
<b>Total revenues</b>	<u>33,000</u>	<u>33,000</u>	<u>572,621</u>	<u>539,621</u>
<b>Expenditures:</b>				
Personnel services	87,282	87,282	95,870	(8,588)
Operating	23,020	23,020	512,232	(489,212)
<b>Total expenditures</b>	<u>110,302</u>	<u>110,302</u>	<u>608,102</u>	<u>(497,800)</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>(77,302)</u>	<u>(77,302)</u>	<u>(35,481)</u>	<u>41,821</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	77,302	77,302	77,302	-
<b>Total other financing sources (uses)</b>	<u>77,302</u>	<u>77,302</u>	<u>77,302</u>	<u>-</u>
<b>Net change in fund balance</b>	\$ <u>-</u>	\$ <u>-</u>	41,821	\$ <u>41,821</u>
<b>Fund Balance, October 1</b>			<u>571,511</u>	
<b>Fund Balance, September 30</b>			\$ <u>613,332</u>	

The accompanying notes to the financial statements are an integral part of these statements.

City of Key West, Florida  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Gas Tax Fund - Special Revenue Fund  
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,405,613	\$ 1,405,613	\$ 1,887,415	\$ 481,802
Intergovernmental	1,004,409	1,479,796	504,299	(975,497)
Investment earnings	50,000	50,000	4,915	(45,085)
Contributions and other	3,250	887,285	359,050	(528,235)
<b>Total revenues</b>	<u>2,463,272</u>	<u>3,822,694</u>	<u>2,755,679</u>	<u>(1,067,015)</u>
<b>Expenditures:</b>				
Personnel services	309,445	309,445	300,874	8,571
Operating	719,197	803,155	1,229,929	(426,774)
Capital outlay	2,131,119	3,490,473	1,465,759	2,024,714
<b>Total expenditures</b>	<u>3,159,761</u>	<u>4,603,073</u>	<u>2,996,562</u>	<u>1,606,511</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>(696,489)</u>	<u>(780,379)</u>	<u>(240,883)</u>	<u>539,496</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	500,000	500,000	500,000	-
Transfers out	(273,869)	(273,869)	(273,869)	-
<b>Total other financing sources (uses)</b>	<u>226,131</u>	<u>226,131</u>	<u>226,131</u>	<u>-</u>
<b>Net change in fund balance</b>	\$ <u>(470,358)</u>	\$ <u>(554,248)</u>	(14,752)	\$ <u>539,496</u>
<b>Fund Balance, October 1</b>			<u>4,099,446</u>	
<b>Fund Balance, September 30</b>			\$ <u>4,084,694</u>	

The accompanying notes to the financial statements are an integral part of these statements.

**City of Key West, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2021**

	<b>Sanitary Sewer System</b>	<b>Solid Waste</b>	<b>Key West Bight</b>	<b>Stormwater</b>	<b>Transit System</b>	<b>Garrison Bight</b>	<b>Total</b>	<b>Governmental Activities Internal Service Fund</b>
<b>Assets:</b>								
<b>Current assets:</b>								
Cash, cash equivalents and investments	\$ 15,456,980	\$ 9,226,572	\$ 19,326,206	\$ 3,004,316	\$ 23,222	\$ 2,268,433	\$ 49,305,729	\$ 3,545,761
Receivables, net of allowance for uncollectibles:								
Accounts	874,466	967,159	1,399,435	1,482	16,121	257,389	3,516,052	566,915
Intergovernmental	129,961	19,205	-	1,557,121	787,664	41,109	2,535,060	-
Interfund receivables	-	-	-	-	-	-	-	314,935
Prepaid expenses	-	-	29,798	-	2,202	8,741	40,741	69,834
Note receivable	-	-	114,899	-	-	-	114,899	-
Inventories	501,186	-	93,087	19,921	29,137	-	643,331	-
	<u>16,962,593</u>	<u>10,212,936</u>	<u>20,963,425</u>	<u>4,582,840</u>	<u>858,346</u>	<u>2,575,672</u>	<u>56,155,812</u>	<u>4,497,445</u>
<b>Restricted assets:</b>								
Cash, cash equivalents and investments	801,093	200,524	-	-	-	-	1,001,617	-
<b>Total current assets</b>	<u>17,763,686</u>	<u>10,413,460</u>	<u>20,963,425</u>	<u>4,582,840</u>	<u>858,346</u>	<u>2,575,672</u>	<u>57,157,429</u>	<u>4,497,445</u>
<b>Noncurrent assets:</b>								
Net pension asset	18,891	29,596	75,312	5,667	149,365	35,515	314,346	-
Note receivable, less current portion	-	-	1,348,177	-	-	-	1,348,177	-
Advances to other funds	1,204,391	-	-	-	-	-	1,204,391	-
Property, plant and equipment:								
Land	6,480	3,745,027	14,879,527	-	50,000	-	18,681,034	-
Buildings and improvements	23,345,932	8,677,969	9,706,615	-	12,757,622	2,781,632	57,269,770	-
Infrastructure	119,351,382	3,697	17,685,073	38,230,786	1,114,868	12,121,030	188,506,836	-
Machinery, equipment and furniture	5,461,883	540,736	1,453,597	31,925	10,861,272	713,521	19,062,934	-
Accumulated depreciation	(86,977,656)	(5,833,014)	(14,386,265)	(20,836,589)	(11,686,272)	(6,732,291)	(146,452,087)	-
Construction in progress	6,006,071	74,001	852,179	2,926,501	55,561	231,222	10,145,535	-
<b>Total noncurrent assets</b>	<u>68,417,374</u>	<u>7,238,012</u>	<u>31,614,215</u>	<u>20,358,290</u>	<u>13,302,416</u>	<u>9,150,629</u>	<u>150,080,936</u>	<u>-</u>
<b>Total assets</b>	<u>86,181,060</u>	<u>17,651,472</u>	<u>52,577,640</u>	<u>24,941,130</u>	<u>14,160,762</u>	<u>11,726,301</u>	<u>207,238,365</u>	<u>4,497,445</u>
<b>Deferred Outflows of Resources:</b>								
Deferred outflows relating to pensions	40,204	62,986	160,280	12,061	317,880	75,584	668,995	-
Deferred outflows relating to other post employment benefits (OPEB)	6,100	11,747	28,510	1,814	41,585	5,384	95,140	-
Deferred charge on refunding	78,963	-	-	-	-	-	78,963	-
<b>Total deferred outflows of resources</b>	<u>125,267</u>	<u>74,733</u>	<u>188,790</u>	<u>13,875</u>	<u>359,465</u>	<u>80,968</u>	<u>843,098</u>	<u>-</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 86,306,327</u>	<u>\$ 17,726,205</u>	<u>\$ 52,766,430</u>	<u>\$ 24,955,005</u>	<u>\$ 14,520,227</u>	<u>\$ 11,807,269</u>	<u>\$ 208,081,463</u>	<u>\$ 4,497,445</u>

The accompanying notes to the financial statements are an integral part of these statements.

**City of Key West, Florida**  
**Statement of Net Position**  
**Proprietary Funds**  
**(continued)**  
**September 30, 2021**

	Sanitary Sewer System	Solid Waste	Key West Bight	Stormwater	Transit System	Garrison Bight	Total	Governmental Activities Internal Service Fund
<b>Liabilities:</b>								
<b>Current liabilities:</b>								
Accounts payable	\$ 43,347	\$ 822,328	\$ 98,177	\$ 3,729	\$ 9,920	\$ 96,526	\$ 1,074,027	\$ 4,344
Accrued payroll and related expenses	8,732	13,720	36,168	2,760	61,958	19,229	142,567	3,151
Compensated absences	39,481	45,407	67,511	8,309	162,205	15,510	338,423	2,837
Accrued expenses	-	-	189,896	-	-	-	189,896	-
Accrued interest	137,352	-	-	-	-	-	137,352	-
Interfund payable	1,894	3,314	13,005	568	16,667	7,229	42,677	-
Contracts and retainage payable	538,443	5,940	365,836	286,308	-	114,126	1,310,653	-
Insurance claims payable	-	-	-	-	-	-	-	1,141,568
Unearned revenue	461,537	200,524	613,176	-	-	213,301	1,488,538	8,536
Bonds and note payable	2,226,296	-	-	-	-	-	2,226,296	-
<b>Total current liabilities</b>	<b>3,457,082</b>	<b>1,091,233</b>	<b>1,383,769</b>	<b>301,674</b>	<b>250,750</b>	<b>465,921</b>	<b>6,950,429</b>	<b>1,160,436</b>
<b>Noncurrent liabilities:</b>								
Revenue bonds payable	8,371,179	-	-	-	-	-	8,371,179	-
Advances from other funds	-	-	-	2,004,610	-	-	2,004,610	-
Insurance claims payable	-	-	-	-	-	-	-	3,024,691
Customer deposits	600	-	240,549	-	5,530	243,916	490,595	-
Other post employment benefits (OPEB) liability	25,728	52,595	189,689	7,812	278,777	15,493	570,094	-
Compensated absences	9,792	11,262	16,745	2,061	40,231	3,847	83,938	704
<b>Total noncurrent liabilities</b>	<b>8,407,299</b>	<b>63,857</b>	<b>446,983</b>	<b>2,014,483</b>	<b>324,538</b>	<b>263,256</b>	<b>11,520,416</b>	<b>3,025,395</b>
<b>Total liabilities</b>	<b>11,864,381</b>	<b>1,155,090</b>	<b>1,830,752</b>	<b>2,316,157</b>	<b>575,288</b>	<b>729,177</b>	<b>18,470,845</b>	<b>4,185,831</b>
<b>Deferred Inflows of Resources:</b>								
Deferred inflows relating to pensions	28,163	44,122	112,276	8,449	222,674	52,946	468,630	-
Deferred inflows relating to other post employment benefits (OPEB)	30,542	56,055	99,270	8,592	170,904	45,736	411,099	-
<b>Total deferred inflows of resources</b>	<b>58,705</b>	<b>100,177</b>	<b>211,546</b>	<b>17,041</b>	<b>393,578</b>	<b>98,682</b>	<b>879,729</b>	<b>-</b>
<b>Net Position:</b>								
Net investment in capital assets	56,137,137	7,202,476	29,824,890	20,066,315	13,153,051	9,000,988	135,384,857	-
Restricted for debt service	340,936	-	-	-	-	-	340,936	-
Unrestricted	17,905,168	9,268,462	20,899,242	2,555,492	398,310	1,978,422	53,005,096	311,614
<b>Total net position</b>	<b>74,383,241</b>	<b>16,470,938</b>	<b>50,724,132</b>	<b>22,621,807</b>	<b>13,551,361</b>	<b>10,979,410</b>	<b>188,730,889</b>	<b>311,614</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 86,306,327</b>	<b>\$ 17,726,205</b>	<b>\$ 52,766,430</b>	<b>\$ 24,955,005</b>	<b>\$ 14,520,227</b>	<b>\$ 11,807,269</b>	<b>\$ 208,081,463</b>	<b>\$ 4,497,445</b>

The accompanying notes to the financial statements are an integral part of these statements.

**City of Key West, Florida**  
**Statement of Revenues, Expenses and**  
**Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2021**

	<u>Sanitary Sewer System</u>	<u>Solid Waste</u>	<u>Key West Bight</u>	<u>Stormwater</u>	<u>Transit System</u>	<u>Garrison Bight</u>	<u>Total</u>	<u>Governmental Activities Internal Service Fund</u>
<b>Operating Revenues:</b>								
Charges for services	\$ 11,853,625	\$ 9,330,434	\$ 12,089,985	\$ 2,381,771	\$ 1,153,816	\$ 2,997,904	\$ 39,807,535	\$ 11,668,223
<b>Total operating revenues</b>	<u>11,853,625</u>	<u>9,330,434</u>	<u>12,089,985</u>	<u>2,381,771</u>	<u>1,153,816</u>	<u>2,997,904</u>	<u>39,807,535</u>	<u>11,668,223</u>
<b>Operating Expenses:</b>								
Personnel services	250,164	616,367	1,203,427	72,489	2,308,549	713,767	5,164,763	124,752
Other operating expenses	6,335,155	7,270,658	3,982,110	1,093,712	898,253	781,680	20,361,568	12,316,937
Depreciation	3,274,358	444,409	984,543	1,574,505	1,263,614	558,291	8,099,720	-
<b>Total operating expenses</b>	<u>9,859,677</u>	<u>8,331,434</u>	<u>6,170,080</u>	<u>2,740,706</u>	<u>4,470,416</u>	<u>2,053,738</u>	<u>33,626,051</u>	<u>12,441,689</u>
<b>Operating income (loss)</b>	<u>1,993,948</u>	<u>999,000</u>	<u>5,919,905</u>	<u>(358,935)</u>	<u>(3,316,600)</u>	<u>944,166</u>	<u>6,181,484</u>	<u>(773,466)</u>
<b>Nonoperating Revenues (Expenses):</b>								
Grant income (operating)	-	15,000	3,713	-	1,967,510	757,928	2,744,151	37,414
Investment earnings	63,782	13,522	22,138	6,140	(271)	990	106,301	6,419
Other income	68,861	214	565,820	-	47,449	220,516	902,860	614,155
Gain (loss) on disposition of capital assets	(1,674)	-	-	-	-	(2,135)	(3,809)	-
Interest expense and other fiscal charges	(316,999)	-	-	(74,696)	-	-	(391,695)	-
<b>Net nonoperating revenues (expenses)</b>	<u>(186,030)</u>	<u>28,736</u>	<u>591,671</u>	<u>(68,556)</u>	<u>2,014,688</u>	<u>977,299</u>	<u>3,357,808</u>	<u>657,988</u>
<b>Income (loss) before transfers</b>	<u>1,807,918</u>	<u>1,027,736</u>	<u>6,511,576</u>	<u>(427,491)</u>	<u>(1,301,912)</u>	<u>1,921,465</u>	<u>9,539,292</u>	<u>(115,478)</u>
<b>Transfers and Other:</b>								
Capital contributions (grants)	129,961	-	-	1,442,762	597,276	-	2,169,999	-
Transfers in	292,969	96,316	475,401	2,036	118,705	81,344	1,066,771	-
Transfers out	(787,670)	(1,831,955)	(4,453,605)	(204,503)	(408,394)	(391,695)	(8,077,822)	(3,210,329)
<b>Total transfers and other</b>	<u>(364,740)</u>	<u>(1,735,639)</u>	<u>(3,978,204)</u>	<u>1,240,295</u>	<u>307,587</u>	<u>(310,351)</u>	<u>(4,841,052)</u>	<u>(3,210,329)</u>
<b>Change in net position</b>	<u>1,443,178</u>	<u>(707,903)</u>	<u>2,533,372</u>	<u>812,804</u>	<u>(994,325)</u>	<u>1,611,114</u>	<u>4,698,240</u>	<u>(3,325,807)</u>
<b>Net Position, October 1</b>	<u>72,940,063</u>	<u>17,178,841</u>	<u>48,190,760</u>	<u>21,809,003</u>	<u>14,545,686</u>	<u>9,368,296</u>	<u>184,032,649</u>	<u>3,637,421</u>
<b>Net Position, September 30</b>	<u>\$ 74,383,241</u>	<u>\$ 16,470,938</u>	<u>\$ 50,724,132</u>	<u>\$ 22,621,807</u>	<u>\$ 13,551,361</u>	<u>\$ 10,979,410</u>	<u>\$ 188,730,889</u>	<u>\$ 311,614</u>

The accompanying notes to the financial statements are an integral part of these statements.

**City of Key West, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2021**

	<u>Sanitary Sewer System</u>	<u>Solid Waste</u>	<u>Key West Bight</u>	<u>Stormwater</u>	<u>Transit System</u>	<u>Garrison Bight</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
<b>Cash Flows from Operating Activities:</b>								
Cash received from customers	\$ 12,047,963	\$ 9,117,206	\$ 12,345,435	\$ 2,440,435	\$ 1,188,971	\$ 2,972,883	\$ 40,112,893	\$ -
Cash received from interfund charges	-	-	-	-	-	-	-	11,356,461
Cash paid to suppliers	(6,402,282)	(7,230,963)	(4,007,780)	(1,208,809)	(911,930)	(1,011,174)	(20,772,938)	(12,730,865)
Cash paid to employees	(240,022)	(604,130)	(1,209,626)	(67,844)	(2,323,218)	(707,724)	(5,152,564)	(131,444)
Other receipts	<u>68,861</u>	<u>214</u>	<u>565,820</u>	<u>-</u>	<u>47,449</u>	<u>220,516</u>	<u>902,860</u>	<u>614,155</u>
<b>Net cash provided by (used in) operating activities</b>	<u>5,474,520</u>	<u>1,282,327</u>	<u>7,693,849</u>	<u>1,163,782</u>	<u>(1,998,728)</u>	<u>1,474,501</u>	<u>15,090,251</u>	<u>(891,693)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>								
Proceeds from grants (operating purposes)	-	-	3,713	-	1,860,271	1,809,446	3,673,430	37,414
Repayments received on advances to other funds	112,231	-	-	-	-	-	112,231	-
Repayments made on advances from other funds	-	-	-	(265,831)	-	-	(265,831)	-
Interest paid on advances from other funds	-	-	-	(74,696)	-	-	(74,696)	-
Transfers in	292,969	96,316	475,401	2,036	118,705	81,344	1,066,771	-
Transfers (out)	<u>(787,670)</u>	<u>(1,831,955)</u>	<u>(4,453,605)</u>	<u>(204,503)</u>	<u>(408,394)</u>	<u>(391,695)</u>	<u>(8,077,822)</u>	<u>(3,210,329)</u>
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(382,470)</u>	<u>(1,735,639)</u>	<u>(3,974,491)</u>	<u>(542,994)</u>	<u>1,570,582</u>	<u>1,499,095</u>	<u>(3,565,917)</u>	<u>(3,172,915)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>								
Proceeds from capital contributions	437,667	-	-	480,000	1,036,147	-	1,953,814	-
Acquisition and construction of capital assets, net	(3,238,951)	(27,745)	(1,064,065)	(3,215,852)	(594,822)	(714,371)	(8,855,806)	-
Principal paid on revenue bonds	(1,989,802)	-	-	-	-	-	(1,989,802)	-
Interest paid and other fiscal charges	(312,742)	-	-	-	-	-	(312,742)	-
Repayments and payments on notes	<u>(351,826)</u>	<u>-</u>	<u>112,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(239,660)</u>	<u>-</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(5,455,654)</u>	<u>(27,745)</u>	<u>(951,899)</u>	<u>(2,735,852)</u>	<u>441,325</u>	<u>(714,371)</u>	<u>(9,444,196)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>								
Investment earnings	<u>63,782</u>	<u>13,522</u>	<u>22,138</u>	<u>6,140</u>	<u>(271)</u>	<u>990</u>	<u>106,301</u>	<u>6,419</u>
<b>Net cash provided by (used in) investing activities</b>	<u>63,782</u>	<u>13,522</u>	<u>22,138</u>	<u>6,140</u>	<u>(271)</u>	<u>990</u>	<u>106,301</u>	<u>6,419</u>
<b>Net increase (decrease) in cash, cash equivalents and investments</b>	<u>(299,822)</u>	<u>(467,535)</u>	<u>2,789,597</u>	<u>(2,108,924)</u>	<u>12,908</u>	<u>2,260,215</u>	<u>2,186,439</u>	<u>(4,058,189)</u>
<b>Cash, Cash Equivalents and Investments, October 1</b>	<u>16,557,895</u>	<u>9,894,631</u>	<u>16,536,609</u>	<u>5,113,240</u>	<u>10,314</u>	<u>8,218</u>	<u>48,120,907</u>	<u>7,603,950</u>
<b>Cash, Cash Equivalents and Investments, September 30</b>	<u>\$ 16,258,073</u>	<u>\$ 9,427,096</u>	<u>\$ 19,326,206</u>	<u>\$ 3,004,316</u>	<u>\$ 23,222</u>	<u>\$ 2,268,433</u>	<u>\$ 50,307,346</u>	<u>\$ 3,545,761</u>
<b>Reconciliation to Statement of Net Position:</b>								
Cash, cash equivalents and investments	\$ 15,456,980	\$ 9,226,572	\$ 19,326,206	\$ 3,004,316	\$ 23,222	\$ 2,268,433	\$ 49,305,729	\$ 3,545,761
Restricted cash, cash equivalents and investments	<u>801,093</u>	<u>200,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,001,617</u>	<u>-</u>
<b>Cash, cash equivalents and investments</b>	<u>\$ 16,258,073</u>	<u>\$ 9,427,096</u>	<u>\$ 19,326,206</u>	<u>\$ 3,004,316</u>	<u>\$ 23,222</u>	<u>\$ 2,268,433</u>	<u>\$ 50,307,346</u>	<u>\$ 3,545,761</u>

The accompanying notes to the financial statements are an integral part of these statements.

**City of Key West, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**(continued)**  
**For the Year Ended September 30, 2021**

	<u>Sanitary Sewer System</u>	<u>Solid Waste</u>	<u>Key West Bight</u>	<u>Stormwater</u>	<u>Transit System</u>	<u>Garrison Bight</u>	<u>Total</u>	<u>Governmental Activities Internal Service Fund</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>								
<b>Operating income (loss)</b>	\$ 1,993,948	\$ 999,000	\$ 5,919,905	\$ (358,935)	\$ (3,316,600)	\$ 944,166	\$ 6,181,484	\$ (773,466)
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</b>								
Other nonoperating revenues	68,861	214	565,820	-	47,449	220,516	902,860	614,155
Depreciation	3,274,358	444,409	984,543	1,574,505	1,263,614	558,291	8,099,720	-
<b>Decrease (increase) in assets:</b>								
Accounts receivables, net	189,200	(247,310)	(359,359)	57,816	972	(150,733)	(509,414)	87,917
Interfund receivables, net	3,190	6,055	28,712	848	34,183	18,361	91,349	(314,935)
Prepaid expenses	-	-	6,705	-	1,323	35	8,063	(9,137)
Inventories	(9,240)	-	(49,747)	(6,790)	(11,889)	-	(77,666)	-
Net pension asset	(18,891)	(29,596)	(75,312)	(5,667)	(149,365)	(35,515)	(314,346)	-
Deferred outflows relating to pensions	9,612	18,058	33,408	2,066	70,983	60,109	194,236	-
Deferred outflows relating to other post employment benefits (OPEB)	(1,250)	(2,275)	(3,700)	(350)	(6,625)	(2,000)	(16,200)	-
<b>Increase (decrease) in liabilities:</b>								
Accounts payable	(59,781)	36,381	27,089	(53,452)	(19,778)	63,242	(6,299)	(6,038)
Accrued payroll and related expenses	2,291	3,233	4,809	963	11,504	(2,373)	20,427	(1,878)
Accrued expenses	-	-	(22,722)	(55,423)	-	-	(78,145)	-
Interfund payable, net	1,894	3,314	13,005	568	16,667	(292,771)	(257,323)	(649,582)
Insurance claims payable	-	-	-	-	-	-	-	162,912
Unearned revenue	1,948	28,027	579,670	-	-	149,500	759,145	3,173
Customer deposits	-	-	6,427	-	-	(42,149)	(35,722)	-
Net pension liability	(6,100)	(9,924)	(23,717)	(1,730)	(47,616)	(16,615)	(105,702)	-
Other post employment benefits (OPEB) liability	(22,845)	(41,578)	(67,621)	(6,397)	(121,078)	(36,552)	(296,071)	-
Compensated absences	9,106	8,720	(858)	4,554	(7,263)	(11,578)	2,681	(4,814)
Deferred inflows relating to pensions	11,729	17,387	48,381	3,789	94,394	8,183	183,863	-
Deferred inflows relating to other post employment benefits (OPEB)	26,490	48,212	78,411	7,417	140,397	42,384	343,311	-
<b>Total adjustments</b>	<b>3,480,572</b>	<b>283,327</b>	<b>1,773,944</b>	<b>1,522,717</b>	<b>1,317,872</b>	<b>530,335</b>	<b>8,908,767</b>	<b>(118,227)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 5,474,520</b>	<b>\$ 1,282,327</b>	<b>\$ 7,693,849</b>	<b>\$ 1,163,782</b>	<b>\$ (1,998,728)</b>	<b>\$ 1,474,501</b>	<b>\$ 15,090,251</b>	<b>\$ (891,693)</b>

The accompanying notes to the financial statements are an integral part of these statements.



**City of Key West, Florida**  
**Statement of Net Position**  
**Fiduciary Funds**  
**September 30, 2021**

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**Assets:**

Cash and cash equivalents	\$ 6,301,304
Investments, at fair value:	
Equity securities	131,467,443
Corporate and foreign bonds and bond funds	27,877,711
Fixed income fund	7,435,425
Alternative investments	12,407,423
U.S. government securities	19,864,529
Collateralized mortgage obligations	4,651,585
Municipal obligations	802,774
Real estate	6,400,000
Receivables:	
Interest and dividends	442,232
Proceeds from securities sold	462,488
Other	<u>2,090,859</u>
<b>Total assets</b>	<b><u>220,203,773</u></b>

**Liabilities:**

Accounts payable and accrued expenses	199,585
Payable for securities purchased	<u>1,106,276</u>
<b>Total liabilities</b>	<b><u>1,305,861</u></b>

**Net Position:**

Restricted for pension benefits	\$ <u><u>218,897,912</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

**City of Key West, Florida**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Year Ended September 30, 2021**

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**Additions:**

Contributions:		
Employer	\$	5,501,946
Members		2,099,471
State police and fire		<u>599,411</u>
Total contributions		<u>8,200,828</u>

Investment earnings:

Net appreciation (depreciation) in fair value of investments		32,244,422
Interest, dividends other investment income		<u>4,726,358</u>
Total investment earnings		36,970,780

Less: Investment expenses		<u>984,506</u>
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Net investment earnings		<u>35,986,274</u>
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<b>Total additions</b>		<u><u>44,187,102</u></u>
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**Deductions:**

Benefits paid		10,466,546
Administrative expenses		<u>287,289</u>

<b>Total deductions</b>		<u>10,753,835</u>
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<b>Changes in net position</b>		33,433,267
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<b>Net Position, October 1</b>		<u>185,464,645</u>
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<b>Net Position, September 30</b>	\$	<u><u>218,897,912</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

## 1. Summary of Significant Accounting Policies

The City of Key West, Florida (the “City”) is a municipal corporation incorporated in 1828. The City operates under a commission-manager form of government. The City provides services authorized by its charter, including public safety, public welfare, public improvements, planning and zoning, transportation, recreation, and general administrative services. The City complies with Accounting Principles Generally Accepted in the United States of America and those standards promulgated by the Governmental Accounting Standards Board (GASB).

### A. Reporting Entity

In defining the City for financial reporting purposes, management has considered all potential component units. Component units are generally legally separate entities for which the primary government (the City) is financially accountable. A primary government is financially accountable for the potential component unit if it appoints a voting majority of the unit’s governing board and is able to impose its will upon the potential component unit, or there is a possibility for the potential component unit to provide specific financial benefits or impose specific financial burdens on the primary government. Section B briefly reviews each potential component unit addressed in defining the City’s reporting entity.

### B. Individual Component Unit Disclosures

#### Discretely Presented Component Unit:

The Housing Authority of the City of Key West, Florida (KWHa or the Authority) was created by Florida Statute Chapter 421 and by resolution of the City in 1938. The primary purpose of KWHa is to provide affordable housing to low income, elderly and disabled families in Key West. Programs are administered through the Department of Housing and Urban Development. The Authority’s Board, appointed by the City Commission as required by statute, has full administrative responsibilities. The City provides approximately \$ 560,000 of free sewer, solid waste and stormwater services annually to substantially all public housing facilities within the city limits. Except for these services, the City has no other obligations to KWHa. KWHa is considered a component unit of the City and is presented discretely in these financial statements. Financial information presented herein regarding KWHa reflects a December 31, 2020 year-end. Further information regarding KWHa, their financial statements, and their operations may be obtained by contacting them directly at: The Housing Authority of the City of Key West, Florida, 1400 Kennedy Drive, Key West, Florida 33040.

#### Blended Component Unit:

Under Florida Statute 163, the City created the Caroline Street Corridor and Bahama Village Community Redevelopment Agency (the “Agency”). The Agency is charged with focusing on two (2) distinct subareas; (a) the Bahama Village subarea and (b) the Caroline Street Corridor subarea (collectively, the “Redevelopment Area”). The City of Key West City Commission, in accordance with F.S. § 163.357, declared itself to be the Caroline Street Corridor and Bahama Village Community Redevelopment Agency, having all the powers, duties and responsibilities imposed upon or granted to a community redevelopment agency by F.S. Chapter 163, part III.

The Agency is substantively controlled by the same governing board as the City, the City has an operational responsibility for the component unit pursuant to ordinance and provides services exclusively or almost exclusively for the benefit of the City, thus requiring the financial transactions and account balances of the Agency to be reported in the appropriate statements with the primary government.

## **1. Summary of Significant Accounting Policies (continued)**

Separate financial statements of the blended component unit have been prepared for the CRA. Effective for the fiscal year ended September 30, 2020, the Florida Legislature enacted Chapter 2019-163, Laws of Florida, which amended Section 163.387(8), Florida Statutes, to require that each CRA meeting the specified \$ 100,000 threshold provide for a separate audit and that the resultant audit report accompany the City annual financial report filed with the Florida Department of Financial Services. The CRA audit is to be separate from the audit of the County or the City that created the CRA, which must include within their reporting entities the CRA as a component unit. In addition, the separate CRA audit report must present stand-alone financial statements which include basic financial statements, notes to the financial statements, management's discussion and analysis, and other required supplementary information.

Financial statement information related to each entity are also included as separate columns in the financial statements reported for the City.

### **Other Organizations:**

The Utility Board of the City of Key West, Florida, or Keys Energy Services, is an independent utility board created by Florida Statute Chapter 21 to manage, operate, and maintain the electric utility servicing the citizens of Key West and the Lower Keys. The Board is elected by the voters of the community. In accordance with bond resolution requirements, the City annually receives a return from the system, a sum equal to the greater of (a) \$ 200,000 (adjusted annually for changes in the Consumer Price Index) or (b) one percent (1%) of the gross revenues derived from sales of electricity at retail (exclusive of Power Cost Revenue, which are defined, for purposes of this paragraph, as (i) revenues determined by reference to the power cost component of base rates, plus or minus (ii) power cost adjustment charges or credits). For the fiscal year ended September 30, 2021, the City received payment of approximately \$ 496,000. Keys Energy Services is not considered a component unit of the City.

## **C. 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 nonfiduciary activities of the primary government. The effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## **D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

## **1. Summary of Significant Accounting Policies (continued)**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 are 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. "Measurable" means the amount of the transaction can be determined. 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 government considers revenue to be available if it is collected within sixty days of the end of the current fiscal period, except for federal and state grants, which are considered available if collection is expected within twelve months after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, OPEB liabilities, and claims and judgments, are recorded only when payment is due.

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

Amounts reported as program revenue include: 1) charges to customers or applicants for goods, services, or privileges provided, rental income, licenses and permits, and fines and forfeitures, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds use the economic resources measurement focus. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The City recognizes as operating revenue the portion of impact fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administration expenses, and provision for depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### **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 Community Development Office Fund, a special revenue fund, accounts for proceeds and disbursements of housing, economic, and urban development grants. This fund is managed by The Housing Authority of the City of Key West, Florida under a contractual agreement. This fund has been determined by management to be a major fund.

## 1. Summary of Significant Accounting Policies (continued)

The Gas Tax Fund, a special revenue fund, accounts for county and state gasoline tax revenue sharing, and other grant funding, designated for the capital improvements of streets and sidewalks and other transportation needs of the City. This fund has been determined by management to be a major fund.

The Infrastructure Surtax Fund, a capital projects fund, accounts for the local government discretionary sales surtax, used for the development of infrastructure, acquisition of land, or protection of natural resources.

The Capital Projects Fund was established to account for financial resources expended on acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds. This fund has been determined by management to be a major fund.

### **The City reports the following major proprietary funds:**

The Sanitary Sewer System Fund accounts for the activities of the City's sewer treatment plant, sewage pumping stations and collection system.

The Solid Waste Fund accounts for the activities of the City's solid waste collection and disposal system.

The Key West Bight Fund accounts for the operations of the area known as the Key West Bight, which includes marina service, restaurants, and retail shops.

The Stormwater Fund accounts for the operation of the City stormwater collection process.

The Transit System Fund accounts for the provision of mass transit services within the City limits to the residents of the City. This fund has been determined by management to be a major fund.

The Garrison Bight Fund accounts for the provision of marina services to the residents of the City. This fund has been determined by management to be a major fund.

### **Additionally, the City reports the following fund types:**

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, that are legally restricted, or committed, to expenditures for specified purposes. These funds include the Law Enforcement Trust, Fort Taylor, Affordable Housing Escrow, Bahama Village, Navy Pier Payments, Caroline Street, Community, Transportation Alternative and Truman Waterfront.

Internal Service Fund - This fund is used to account for goods or services provided by one department to other departments of the City on a cost measurement basis, in particular, the City's Insurance Fund.

Pension Trust Funds - These funds are used to account for assets held by the City in a trustee capacity as an agent of the Pension Trust Board. Pension trust funds are accounted for in the same manner as proprietary funds. These funds include Police Officers and Firefighters Retirement Plan and the General Employees Retirement Plan.

## 1. Summary of Significant Accounting Policies (continued)

### E. Budgets and Budgetary Accounting

Florida Statutes require that all city governments prepare, adopt and execute an annual budget for such funds as may be required by law or by sound financial practices and generally accepted accounting principles. Accordingly, the City has established budgetary procedures.

The City adopts an operating budget on a generally accepted accounting principles basis for all governmental and proprietary funds except as noted below. All appropriations lapse at the end of the fiscal year. The City is not legally required to, and does not, adopt budgets for the pension funds. For the year ended September 30, 2021, the City did not adopt a budget for the Navy Pier Payments Fund.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances are recorded at the time a purchase order or other commitment is entered into. Encumbrances outstanding at year-end represent the estimated amount of expenditures which would result if unperformed purchase orders and other commitments at year-end are completed. Encumbrances lapse at year-end; however, the City generally intends to honor purchase orders and other commitments in process. As a result, encumbrances outstanding at year-end are re-appropriated in the next fiscal year and are therefore presented as committed or assigned fund balance for the subsequent year.

The legal level of control is at the major category level; i.e., personnel services, operating, capital, debt service, aid to private organizations and transfers.

#### **Budgetary Process:**

Certain procedures are followed in establishing the budgetary data reflected in the financial statements:

Not later than 60 days prior to the end of the fiscal year, the City Manager submits to the Commission a proposed operating budget for the fiscal year commencing October 1. The budget is prepared by fund and major category (personnel service, operating, capital, debt service, aid to private organizations and transfers) and includes the proposed expenditures and the means of financing them.

Two public hearings are conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of a resolution, unless an extension of time is authorized by the Florida Department of Revenue. The budget resolution grants the City Manager discretion to effect certain budget changes as follows:

- The City Manager may increase the total fund budget by an amount not to exceed \$ 50,000. Beyond that, the City Commission must approve the increase by resolution.
- The City Manager may make unlimited transfers within a category within a fund.
- The City Manager may make transfers among categories up to \$ 50,000. Beyond that, the City Commission must approve the transfers by resolution.
- Any of the above actions must maintain a balanced budget.

**1. Summary of Significant Accounting Policies (continued)**

The City Commission through the resolution process can amend the budget for any amount.

**Excess of Expenditures over Appropriations** – The following expenditures exceeded appropriations by the following amounts:

<b>General Fund:</b>	
Personnel services	\$ 664,724
Aid to private organizations	<u>4,410</u>
Total	<u>\$ 669,134</u>
<b>Community Development Office Fund:</b>	
Personnel services	\$ 8,588
Operating	<u>489,212</u>
Total	<u>\$ 497,800</u>
<b>Gas Tax Fund:</b>	
Operating	\$ <u>426,774</u>
Total	<u>\$ 426,774</u>

These over-expenditures were funded by other categories and/or appropriated fund balance, where applicable.

**F. Deposits and Investments**

Cash and cash equivalents are defined as demand deposits, money market accounts and other short-term investments with original maturities of three months or less from the date of acquisition.

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

**G. Receivables and Payables**

The City of Key West recognizes receivables in its various funds based on the accounting basis required for that fund. Allowances are provided for possible uncollectible accounts.

During the course of operations, transactions occur which result in amounts owed to a particular fund by another fund, other than for goods provided or services rendered. These receivables and payables are due within a year and are classified as "interfund receivables/payables" on the balance sheet.

Non-current portions of interfund loans receivable/payable are reported as advances. Advances receivable in the governmental funds are reported as nonspendable fund balance, which indicates that the amounts reserved do not constitute expendable available resources and are therefore not available for appropriation.



## 1. Summary of Significant Accounting Policies (continued)

### H. Prepaid Items

Prepays are recorded as assets when the initial payment is made. Each asset is then charged off against operations in the period benefited. These amounts are reported as nonspendable fund balance in the governmental fund financial statements. These costs are accounted for under the consumption method.

### I. Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. Inventories for governmental and proprietary fund types are accounted for using the consumption method, wherein all inventories are maintained by perpetual records, expensed when used and adjusted by an annual physical count. These amounts are reported as nonspendable fund balance in the governmental fund financial statements.

### J. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Impact fees also are classified as restricted due to statutory limitations on their usage. Other accounts are restricted by local ordinance or other regulatory requirements.

### K. Capital Assets

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

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

Buildings and improvements	10-30 years
Machinery, equipment, and furniture	3-10 years
Works of art	40 years
Infrastructure	30-50 years

Major outlays for capital assets and improvements are capitalized as construction progresses. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. There was no capitalized interest during the year.

## 1. Summary of Significant Accounting Policies (continued)

### L. 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 position 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 three items that qualify for reporting in this category. First, deferred charge on refunding reported in the proprietary funds and government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second and third items are the deferred outflows relating to the pension plans and other post-employment benefits (OPEB) and are discussed in further detail in Notes 6 and 7, respectively.

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 position 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 two items that qualify for reporting in this category. The first item is the deferred inflows relating to the pension plans and discussed in further detail in Note 6. The second item is the deferred inflows relating to the other post-employment benefits (OPEB) and discussed in further detail in Note 7.

### M. Compensated Absences

Under terms of civil service regulations, labor contracts, and administrative policy, regular full-time and permanent employees are granted vacation and sick leave in varying amounts, which may be accumulated and paid upon separation from City service. Vacation time accrues at 10 to 20 days per year depending on years of service. Up to 240 hours of vacation time may be accumulated. Sick leave may be accumulated at a rate of 12 days per year up to a maximum of 720 hours. Both types of leave are payable at pay rates in effect at the date of separation. Hours paid vary based upon longevity and are in accordance with union contracts. The City reports the liability for compensated absences in the applicable governmental or business-type activities column in the government-wide financial statements when earned. Expenditures for compensated absences are recorded in the governmental funds only for employees who had terminated their employment as of the end of the fiscal year. In the case of proprietary fund financial statements, vested or accumulated vacation and sick leave, both current and non-current, is recorded as an expense and liability of the relevant proprietary fund as the benefits accrue to employees. No liability is recorded for non-vesting rights to personal leave.

### N. Long-Term Obligations

In the government-wide financial statements and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Long-term debt is recognized as a liability in the governmental fund statements when due or when resources have been accumulated in the debt service fund for payment early in the following year. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Discounts and premiums on bonds payable are amortized using the interest method over the life of the bonds. Bond discounts and premiums are presented as an adjustment of the outstanding amount of bonds payable, as applicable.

## 1. Summary of Significant Accounting Policies (continued)

### O. Net Position/Fund Balance

Net position in the government-wide and proprietary funds is categorized as net investment in capital assets; restricted or unrestricted. Net investment in capital assets is the difference between the cost of capital assets, less accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets plus unspent bond proceeds.

Restricted consists of net position with constraints placed on their use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted indicates that portion of net position that is available to fund future operations.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

The City follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy 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 into cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and note receivable, as well as property acquired for resale.

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

Committed: This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision making. The City Commission is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Resources accumulated pursuant to stabilization arrangements are reported in this category.

## 1. Summary of Significant Accounting Policies (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. This intent can be expressed by the Commission or through resolution by the Commission authorizing this responsibility to the City Manager. The City Commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally can only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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 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.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

### P. Minimum Fund Balance Policy

The City's policy is to maintain an adequate General Fund balance to meet seasonal shortfalls in cash flows and reduce the susceptibility to emergency and unanticipated expenditures and/or revenue shortfalls. The City Commission has adopted a policy that requires the City to maintain unassigned fund balance equivalent to a minimum ranging from 20% to 25% of the subsequent year's budgeted operating expenditures and transfers out. In 2021, the minimum fund balance required by the City Commission at the close of the fiscal year ranges from approximately \$ 11,400,000 to \$ 14,200,000; therefore, unassigned fund balance is below the prescribed limits. The City intends to meet and exceed the minimum fund balance level of 72 days, or 20%, by the end of fiscal year end 2022 through the collection of CARES Act contributions from Monroe County, several increased revenue streams, and the controlling of expenditures.

### Q. Estimates

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

### R. Date of Management Review

Subsequent events were evaluated by management through April 29, 2022, which is the date the financial statements were available to be issued.

**2. Deposits and Investments**

**A. Deposits**

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

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

At September 30, 2021, the carrying amount of the City’s deposits was approximately \$ 13,664,000, with a bank balance of approximately \$ 14,785,000. Included in the carrying amount of deposits was approximately \$ 3,100 cash on hand.

**B. Investments**

As of September 30, 2021, the carrying value of the City’s cash, cash equivalents and investments, was as follows:

	<u>Cash</u>	<u>Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
Cash, cash equivalents and investments	\$ 13,663,649	\$ 13,819	\$ 76,515,481	\$ 90,192,949
Restricted cash, cash equivalents, and investments	-	-	1,001,617	1,001,617
	<u>\$ 13,663,649</u>	<u>\$ 13,819</u>	<u>\$ 77,517,098</u>	<u>\$ 91,194,566</u>

As of September 30, 2021, the City’s investment maturities and credit ratings were as follows:

	<u>Market Value</u>	<u>Investment Maturities (in Years)</u>		<u>S &amp; P Credit Rating</u>
		<u>Less than 1</u>	<u>1-5</u>	
U.S. Government and Government Sponsored Entity Bonds/Notes	\$ 2,162,515	\$ -	\$ 2,162,515	AAA
Money Market Mutual Funds	13,819	13,819	-	Not rated
Florida Fixed Income Trust	34,903,171	34,903,171	-	AAAf*
Florida Public Assets for Liquidity Management	7,385,820	7,385,820	-	AAAm
State Investment Pool: Florida Prime	<u>33,065,592</u>	<u>33,065,592</u>	<u>-</u>	AAAm
	<u>\$ 77,530,917</u>	<u>\$ 75,368,402</u>	<u>\$ 2,162,515</u>	

\* Includes \$ 5,265,560 which is not rated

## 2. Deposits and Investments (continued)

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

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

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

In accordance with *GASB Statement No. 79, Certain External Investment Pools and Pool Participants*, the City’s investments in Florida PRIME and FL PALM meet the definition of a qualifying investment pool that measures for financial reporting purposes all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value.

**Interest rate risk** - To the extent possible, the City’s investment policy limits the investment maturities of current operating funds to no longer than twenty-four months. Investments of bond reserves, construction funds and other non-operating funds shall not exceed five years. The investment policy also provides maturity limitations by investment type. The investments at September 30, 2021 meet the City’s investment policy restrictions.

**Credit risk** - The City’s investment policy limits risk by restricting authorized investments to the following: Florida Local Government Surplus Funds (SBA), direct obligations of the United States or its agencies and instrumentalities, interest bearing time deposits or savings accounts, repurchase agreements, commercial paper, bankers’ acceptances, state and/or local government taxable and/or tax-exempt debt, mutual funds and intergovernmental investment pools. The policy requires that investments in federal instrumentality debt be backed by the full faith and credit of the U.S. government; commercial paper and bankers’ acceptances be rated A-1 by Standard & Poor’s (S&P); state and/or local government debt be rated at least AA by S&P and mutual funds be rated AAm or better by S&P. At September 30, 2021, the City’s portfolio rating is in compliance with its investment policy.

**2. Deposits and Investments (continued)**

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

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

At September 30, 2021, the City's investment portfolio, excluding pension funds and funds related to the issuance of debt, is as follows:

Issue:	Percent of Investment Portfolio
Florida Fixed Income Trust	45.0%
Florida Local Government Surplus Funds - Florida Prime	42.6%
Florida Public Assets for Liquidity Management	9.5%
U.S. Government Securities - Treasuries	2.8%
Money Market Mutual Funds	0.1%

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

**Custodial credit risk** - The City's investment policy requires execution of a third-party custodial safekeeping agreement for all purchased securities and requires that securities be held in the City's name. As of September 30, 2021, all of the City's investments are held in a bank's trust department in the City's name, nominee registration.

**2. Deposits and Investments (continued)**

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

**C. Investments - Pension Plans**

As of September 30, 2021, the City’s pension plans had the following investments:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan
Equity Securities	\$ 45,400,335	\$ 86,067,108
Corporate and Foreign Bonds and Bond Funds	7,577,154	20,300,557
Fixed Income Fund	-	7,435,425
Alternative Investments	8,096,901	4,310,522
U.S. Government Securities	3,104,745	16,759,784
Collateralized Mortgage Obligations	4,651,585	-
Municipal Obligations	802,774	-
Real Estate	-	6,400,000
	<u>\$ 69,633,494</u>	<u>\$ 141,273,396</u>

As of September 30, 2021, the Plans’ investment maturities and credit ratings were as follows:

**General Employees Retirement Plan:**

	Market Value	Investment Maturities (in Years)				S & P Credit Rating
		Less than 1	1 - 5	6 - 10	More than 10	
U.S. Government Securities	\$ 3,104,745	\$ -	\$ 705,607	\$ 1,168,342	\$ 1,230,796	Aaa*
Collateralized Mortgage Obligations	4,651,585	-	702,338	740,030	3,209,217	BBB through A**
Corporate and Foreign Bonds and Bond Funds	7,577,154	2,432,672	2,137,890	1,080,444	1,926,148	AA+ through BBB-***
Municipal Obligations	802,774	-	52,510	68,615	681,649	AAA through AA-****
	<u>\$ 16,136,258</u>	<u>\$ 2,432,672</u>	<u>\$ 3,598,345</u>	<u>\$ 3,057,431</u>	<u>\$ 7,047,810</u>	

- \* Not rated by S & P; therefore, provided by Moody's credit rating.
- \*\* Includes \$ 2,901,892 which is not rated.
- \*\*\* Includes \$ 3,305,264 which is not rated.
- \*\*\*\* Includes \$ 135,264 which is not rated.

The General Employees Pension Plan includes \$ 1,519,570 (money market fund - AAAM) in cash equivalents with a maturity of less than 3 months.



## 2. Deposits and Investments (continued)

### Police Officers and Firefighters Retirement Plan:

	Market Value	Investment Maturities (in Years)			S & P Credit Rating	
		Less than 1	1 - 5	6 - 10		More than 10
U.S. Government Securities *	\$ 16,759,784	\$ 3,416,272	\$ 4,406,603	\$ 615,845	\$ 8,321,064	AAA through B-*
Corporate and Foreign Bonds and Bond Funds	20,300,557	82,219	5,506,562	10,076,048	4,635,728	AAA through B-
Fixed Income Fund	7,435,425	-	-	2,379,571	5,055,854	AAA through B-
	<u>\$ 44,495,766</u>	<u>\$ 3,498,491</u>	<u>\$ 9,913,165</u>	<u>\$ 13,071,464</u>	<u>\$ 18,012,646</u>	

\* Includes \$ 3,731,542 which is not rated.

**Interest rate risk** - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. The larger the duration of a portfolio, the greater its price sensitivity to the changes in interest rates. Information about sensitivity of the fair value of the Plans' investments to market interest rate fluctuations are provided in the tables previously presented.

**Credit risk** - Credit risk is the risk that an investment portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plans' policies utilize portfolio diversification in order to control this risk. Information about the portfolio ratings by investment type is provided in the tables previously presented.

**Concentration credit risk** - The investment policies of the Plans contain limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. GASB Statement 40 requires disclosure when the percentage is 5% or more in any one issuer. At September 30, 2021, the General Employees Retirement Plan had investments with American Core Realty Fund, LLC amounting to approximately 11.63% or \$ 8,097,000 of the total Plan's investments. At September 30, 2021, the Police Officers and Firefighters Retirement Plan had investments with PIMCO Global Bond (USD-Hedged), American Funds Europacific Growth Fund and WDM Focused International Growth Institutional amounting to approximately 5.1%, 6.2% and 7.7%, respectively of the total Plan's investments.

**Custodial credit risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Plans' investment policy requires securities, with the exception of certain alternative investments and real estate, to be registered in the Plans' name and held with a third party custodian.

**Foreign credit risk** - For an investment, foreign credit risk is the risk that fluctuations in currency exchange rates may affect transactions conducted in currencies other than U.S. dollars and the carrying value of foreign investments. At September 30, 2021, the General Employees Retirement Plan was not directly exposed to foreign credit risk. At September 30, 2021, the Police Officers and Firefighters Retirement Plan had foreign investments of 19% the total Plan's investments.

## 2. Deposits and Investments (continued)

### D. Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy disclosure framework which prioritizes and ranks the level of market price observability used in measuring 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 assets, either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 - investments reflect prices based upon unobservable sources.

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

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

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

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

Investments classified as Level 3 for the fiduciary funds, 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. The fair value of classified level 3 investments represents the value of unit positions in funds that are not publicly traded on an exchange. The fair value of the funds can be impacted by redemption restrictions imposed by the fund managers. On an annual basis, fair values are estimated by the third party advisor or operating partner using general market and property specific assumptions, which are reviewed and approved by the Plan.

Fair values of investments held by the City's Primary Government Investment Funds are classified at September 30, 2021 as follows:

2. Deposits and Investments (continued)

City:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
U.S. Government and Government Sponsored Entity Bonds/Notes	\$ 2,162,515	\$ 2,162,515	\$ -	\$ -	\$ -
Florida Fixed Income Trust	34,903,171	-	-	-	34,903,171
Total Investments Measured at Fair Value	37,065,686	2,162,515	-	-	34,903,171
Cash Equivalents	13,819	13,819	-	-	-
Total Investments and Cash Equivalents Measured at Fair Value	37,079,505	\$ 2,176,334	\$ -	\$ -	\$ 34,903,171
Investments Not Measured at Fair Value:					
Florida PRIME	33,065,592				
Florida Public Assets for Liquidity Management	7,385,820				
	\$ 77,530,917				

Additional information for investments measured at the net asset value (“NAV”) per share (or its equivalent) as of September 30, 2021, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Florida Fixed Income Trust (1)	\$ 34,903,171	\$ -	Daily	1 day

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

2. Deposits and Investments (continued)

General Employees Retirement Plan:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
U.S. Government Securities	\$ 3,104,745	\$ -	\$ 3,104,745	\$ -	\$ -
Corporate and Foreign Bonds and Bond Funds	7,577,154	2,432,672	5,144,482	-	-
Collateralized Mortgage Obligations	4,651,585	-	4,651,585	-	-
Municipal Obligations	802,774	-	802,774	-	-
Equity Securities	45,400,335	41,221,616	4,178,719	-	-
Alternative Investments	<u>8,096,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,096,901</u>
 Total Investments Measured at Fair Value	 69,633,494	 43,654,288	 17,882,305	 -	 8,096,901
 Cash Equivalents	 <u>1,519,570</u>	 <u>1,519,570</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total Investments and Cash Equivalents Measured at Fair Value	 <u>\$ 71,153,064</u>	 <u>\$ 45,173,858</u>	 <u>\$ 17,882,305</u>	 <u>\$ -</u>	 <u>\$ 8,096,901</u>

Additional information for investments measured at the net asset value (“NAV”) per share (or its equivalent) as of September 30, 2021, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments (1)	<u>\$ 8,096,901</u>	<u>\$ -</u>	Quarterly	10 business days

(1) The funds invest primarily in core institutional – quality office, retail, industrial and multi-family properties located throughout the United States and is diversified by product type, geographic region and economic exposure in order to mitigate investment risk. The fair value of the investment in the funds is valued at the net asset value of outstanding units held at the end of the period based upon the estimated fair value of the underlying investments.

## 2. Deposits and Investments (continued)

### Police Officers and Firefighters Retirement Plan:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
U.S. Government Securities	\$ 16,759,784	\$ 8,313,418	\$ 8,446,366	\$ -	\$ -
Corporate and Foreign Bonds and Bond Funds	20,300,557	-	20,300,557	-	-
Municipal Obligations	-	-	-	-	-
Equity Securities	86,067,108	86,067,108	-	-	-
Fixed Income Fund	7,435,425	7,435,425	-	-	-
Real Estate	6,400,000	-	-	6,400,000	-
Alternative Investments	4,310,522	-	-	-	4,310,522
<b>Total Investments Measured at Fair Value</b>	<b>141,273,396</b>	<b>101,815,951</b>	<b>28,746,923</b>	<b>6,400,000</b>	<b>4,310,522</b>
Cash Equivalents	4,781,734	4,781,734	-	-	-
<b>Total Investments and Cash Equivalents Measured at Fair Value</b>	<b>\$ 146,055,130</b>	<b>\$ 106,597,685</b>	<b>\$ 28,746,923</b>	<b>\$ 6,400,000</b>	<b>\$ 4,310,522</b>

Additional information for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2021, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments (1)	\$ <u>4,310,522</u>	\$ <u>-</u>	Twice a year	90 Days

(1) The purpose of the fund is to invest in a broad range of infrastructure and infrastructure-related assets located in member countries of the Organization for Economic Co-Operation and Development (OECD) with a primary focus on the US, Canada, Western Europe and Australia. The investment is valued at NAV and redemption requests must be received 90 days prior to the effective date of the redemptions, which are allowed on March 31 and September 30.

### E. Component Unit:

**Deposits** - Demand and time deposits classified as cash are subject to FDIC coverage and insured in accordance with Florida Statute 280, which established the multiple financial institution collateral pool. At December 31, 2020, the Authority's book balance of cash was \$ 8,075,542 and the bank balance was \$ 8,658,884.

As of December 31, 2020, cash is reported as follows:

Cash - unrestricted	\$ 7,537,694
Cash - restricted	<u>537,848</u>
<b>Total</b>	<b>\$ <u>8,075,542</u></b>

## 2. Deposits and Investments (continued)

In addition, the component unit's pension plan deposits amounting to \$ 84,789 (\$ 84,789 bank balance) are fully insured by the FDIC and collateralized.

**Investments** - The investments held by the component unit's Pension Trust Fund (the "Plan") are stated at fair value. The financial institution's accounts are insured by Securities Investor Protection Corporation (SIPC). The concerned financial institution has also obtained additional protection for the remaining net position balance.

As of December 31, 2020, the Plan had the following investments:

### Equity Mutual Funds:

Vanguard 500 Index Fund*(1)	\$	2,822,435
Vanguard Total International Stock Index*(1)		1,284,275
Vanguard Dividend Growth Fund*(1)		2,932,312
Vanguard Small Cap Index*(1)		1,230,123

### Fixed Income Mutual Funds:

PIMCO Investment Fund**(1)		867,412
PIMCO Investment Grade Corporate***(1)		974,787
Dodge & Cox Income Fund***(1)		798,351

### Absolute Return Funds:

Columbia Adaptive Risk Allocation Fund*(1)		2,728,636
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### Money Market:

Goldman Sach Fin Sq Tr*		<u>2,000</u>
	\$	<u><u>13,640,331</u></u>

\* Investment maturity is less than one year.

\*\* Investment maturity is between one and five years.

\*\*\* Investment maturity is between six and ten years.

(1) Investment subject to concentration credit risk.

**Interest rate risk** - The Plan does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increased interest rates.

**Concentration credit risk** - The Plan did not have any investments (other than those investments in mutual funds) in any one issuer that represented 5% or more of total investments.

**Fair value measurements** - Under GASB Statement No. 72, *Fair Value Measurement and Application*, all investments of the Plan are categorized under Level 1.

**Foreign Currency Risk** - This risk relates to the potential, unfavorable fluctuation of exchange rates compared with the U.S. Dollar. The Plan did not have exposure to foreign currency risk as of December 31, 2020.

**3. Receivables**

Receivables at September 30, 2021 consist of the following:

Receivable Type:	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Fiduciary	Total
Interest and dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 442,232	\$ 442,232
Accounts	1,353,919	155,551	-	3,604,001	566,915	-	5,680,386
Mortgages	-	2,725,564	-	-	-	-	2,725,564
Intergovernmental	1,113,520	2,286,583	917,342	2,535,060	-	2,090,859	8,943,364
Proceeds from securities sold	-	-	-	-	-	462,488	462,488
Gross receivables	<u>2,467,439</u>	<u>5,167,698</u>	<u>917,342</u>	<u>6,139,061</u>	<u>566,915</u>	<u>2,995,579</u>	<u>18,254,034</u>
Less allowance for uncollectible	<u>-</u>	<u>1,116,818</u>	<u>-</u>	<u>87,949</u>	<u>-</u>	<u>-</u>	<u>1,204,767</u>
Net receivables	<u>\$ 2,467,439</u>	<u>\$ 4,050,880</u>	<u>\$ 917,342</u>	<u>\$ 6,051,112</u>	<u>\$ 566,915</u>	<u>\$ 2,995,579</u>	<u>\$ 17,049,267</u>

Property taxes are levied November 1st on property valued as of the previous 1<sup>st</sup> of January. The Tax Collector of Monroe County, Florida, bills and collects property taxes on behalf of the City. The tax rate, to finance general governmental services for the fiscal year ended September 30, 2021, was 2.0858 per \$ 1,000 of assessed taxable property value. The final taxable value amounted to \$ 8,124,532,586. Property tax revenues are recognized when they become available. Available means 1) when due, or past due and receivable within the current period, and 2) collected within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Taxes relating to the current budget and collected within 60 days after the fiscal year end are recognized as revenue currently. Property taxes are due for payment on March 31<sup>st</sup> and become delinquent on April 1<sup>st</sup>. At September 30, 2021, there were no material property tax receivables.

Interest and dividends receivable consists of earnings on investments earned but not received at the end of the year. General Fund accounts receivable consist mainly of ambulance services, and rents revenues. The enterprise funds reflect customer accounts receivable for goods and services rendered. Internal Service Fund accounts receivable balance consists of excess claims paid but receivable from insurance carriers. Intergovernmental receivable consists primarily of federal, state and local grants; various state shared revenues; and state contributions to the Police Officers and Firefighters retirement plan, as well as City contributions to the General Employees retirement plan.

The Community Development Office Special Revenue Fund exists to account for grant revenues available to finance the development of the City’s economic environment. Mortgage receivables under these programs are presented in more detail below. The estimated allowance for uncollectible accounts of \$ 1,116,818 shown below is related to grant provisions allowing for contractual forgiveness of repayment.

Detailed information on Community Development Office Fund mortgages receivable appears below:

Frederick Douglas Square Project (HODAG)	\$ 2,233,635
Homebuyer Assistance Program	450,948
Mayor's Revolving Loan Fund (low interest)	<u>40,981</u>
Gross mortgages receivable	2,725,564
Less allowance for uncollectible mortgages	<u>1,116,818</u>
Net mortgages receivable	<u>\$ 1,608,746</u>

### 3. Receivables (continued)

*Note receivable* - The City previously entered into two promissory notes with entity's in exchange for building improvements on properties that are leased by the City to these entities. The first note bears interest at the current rate as determined by the 1-year LIBOR plus 1% (1.24% at September 30, 2021) until the note matures in August 2034. At September 30, 2021, the balance of this note receivable was approximately \$ 1,389,000. The second note bears interest at the current rate as determined by the 1-year LIBOR plus 1% (1.24% at September 30, 2021) until the note matures in September 2026. At September 30, 2021, the balance of the second note receivable was approximately \$ 74,000. Both notes are reflected in the Key West Bight Fund.

#### Component Unit:

Accounts receivable represent amounts due from tenants (dwelling rents), and other miscellaneous balances, of \$ 96,472 net of allowance for uncollectibles of \$ 34,845. Intergovernmental receivables represent amounts due from the federal and other governments of \$ 995,183. No allowance for uncollectibles was deemed necessary by management.

### 4. Capital Assets

Capital asset activity for fiscal year ended September 30, 2021 is as follows:

	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 56,687,796	\$ -	\$ -	\$ 56,687,796
Works of art	137,400	-	-	137,400
Construction in progress	<u>4,763,132</u>	<u>5,438,225</u>	<u>(2,221,558)</u>	<u>7,979,799</u>
Total capital assets, not being depreciated	<u>61,588,328</u>	<u>5,438,225</u>	<u>(2,221,558)</u>	<u>64,804,995</u>
Capital assets, being depreciated:				
Buildings and improvements	53,510,724	144,562	(27,645)	53,627,641
Machinery, equipment and furniture	28,629,437	1,534,009	(1,807,979)	28,355,467
Works of art	167,973	52,537	-	220,510
Infrastructure	<u>92,593,387</u>	<u>2,460,073</u>	<u>(40,849)</u>	<u>95,012,611</u>
Total capital assets, being depreciated	<u>174,901,521</u>	<u>4,191,181</u>	<u>(1,876,473)</u>	<u>177,216,229</u>
Less accumulated depreciation for:				
Buildings and improvements	10,900,567	1,480,053	(27,645)	12,352,975
Machinery, equipment and furniture	20,317,926	2,689,237	(1,791,785)	21,215,378
Works of art	6,182	20,155	-	26,337
Infrastructure	<u>34,555,358</u>	<u>3,012,896</u>	<u>(40,849)</u>	<u>37,527,405</u>
Total accumulated depreciation	<u>65,780,033</u>	<u>7,202,341</u>	<u>(1,860,279)</u>	<u>71,122,095</u>
Total capital assets, being depreciated, net	<u>109,121,488</u>	<u>(3,011,160)</u>	<u>(16,194)</u>	<u>106,094,134</u>
Governmental activities capital assets, net	<u>\$ 170,709,816</u>	<u>\$ 2,427,065</u>	<u>\$ (2,237,752)</u>	<u>\$ 170,899,129</u>



4. Capital Assets (continued)

	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 18,681,034	\$ -	\$ -	\$ 18,681,034
Construction in progress	<u>8,108,352</u>	<u>7,288,708</u>	<u>(5,251,525)</u>	<u>10,145,535</u>
Total capital assets, not being depreciated	<u>26,789,386</u>	<u>7,288,708</u>	<u>(5,251,525)</u>	<u>28,826,569</u>
Capital assets, being depreciated:				
Buildings and improvements	57,131,751	138,019	-	57,269,770
Infrastructure	184,176,580	5,109,928	(779,672)	188,506,836
Machinery, equipment and furniture	<u>17,953,888</u>	<u>1,381,274</u>	<u>(272,228)</u>	<u>19,062,934</u>
Total capital assets, being depreciated	<u>259,262,219</u>	<u>6,629,221</u>	<u>(1,051,900)</u>	<u>264,839,540</u>
Less accumulated depreciation for:				
Buildings and improvements	37,304,378	1,291,092	-	38,595,470
Infrastructure	90,552,684	5,533,150	(692,304)	95,393,530
Machinery, equipment and furniture	<u>11,455,518</u>	<u>1,275,478</u>	<u>(267,909)</u>	<u>12,463,087</u>
Total accumulated depreciation	<u>139,312,580</u>	<u>8,099,720</u>	<u>(960,213)</u>	<u>146,452,087</u>
Total capital assets, being depreciated, net	<u>119,949,639</u>	<u>(1,470,499)</u>	<u>(91,687)</u>	<u>118,387,453</u>
Business-type activities capital assets, net	<u>\$ 146,739,025</u>	<u>\$ 5,818,209</u>	<u>\$ (5,343,212)</u>	<u>\$ 147,214,022</u>

For the year ended September 30, 2021, depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Transportation	\$ 2,897,734
General government	2,961,048
Public safety	618,614
Economic environment	358,743
Culture and recreation	361,080
Human services	<u>5,122</u>
Total depreciation expense - governmental activities	<u>\$ 7,202,341</u>

**4. Capital Assets (continued)**

Business-type activities:	
Sanitary sewer system	\$ 3,274,358
Stormwater	1,574,505
Key West bight	984,543
Solid waste	444,409
Transit system	1,263,614
Garrison bight	<u>558,291</u>
Total depreciation expense - business-type activities	\$ <u><u>8,099,720</u></u>

**Component Unit:**

The following summarizes capital assets from The Housing Authority of the City of Key West, Florida’s proprietary fund at December 31, 2020:

Building and improvements	\$ 86,975,158
Machinery, equipment, and furniture	2,267,205
Infrastructure	<u>1,206,645</u>
	<u>90,449,008</u>
Less accumulated depreciation	<u>38,800,101</u>
	<u>51,648,907</u>
Land	11,523,552
Construction in progress	<u>1,066,653</u>
Net capital assets	\$ <u><u>64,239,112</u></u>

Total depreciation expense for the year ended December 31, 2020 amounted to approximately \$ 2,117,000. The estimated useful lives of the Authority’s capital assets are as follows:

Buildings and improvements	15-40 years
Machinery, equipment, and furniture	5-10 years
Infrastructure	30-50 years

**5. Restricted Assets**

The Sanitary Sewer System has aggregate restricted assets of \$ 801,093, \$ 322,805 related to impact fees usage restrictions, and the remainder are restricted by specific provisions of bond ordinances. The Solid Waste Fund has restricted assets of \$ 200,524 as part of its impact fee usage restrictions. Assets so designated are identified as restricted assets on the statement of net position.

Restricted assets of the component unit consists of bank accounts that have been established in order to ensure the availability of funds to repay tenant security deposits, pay housing assistance payments to landlords and accounts established for certain escrow purposes in connection with certain debt issues.

## 6. Pension Plans

### **A. City - General Employees Retirement Plan and Police Officers and Firefighters Retirement Plan:**

**General Information** - The City contributes to two single-employer defined benefit pension plans: the General Employees Retirement Plan (GERP) and the Police Officers and Firefighters Retirement Plan (PFRP). Each plan provides retirement, disability, and death benefits to plan members and beneficiaries. Part II of the Code of Ordinances, Title I (Administration), Section 5 (Pension) assigns the sale and exclusive administration of and the responsibility for the proper effective operation of the retirement plans to the Board of Trustees of each retirement plan. All changes recommended by the Board of Trustees are subject to City Commission approval. Participants should refer to the plan documents for more complete information. The PFRP retirement board issues a publicly available report that includes financial statements and required supplementary information. This financial report may be obtained by writing to Pension Plan Administrator, 22233 Drawbridge Dr., Leesburg, FL 34748.

**Summary of Significant Accounting Policies** - The financial statements of the plans are prepared using the accrual basis of accounting. The plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plans are recognized when due and the Employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at their estimated fair value. Fair value is defined as the amount the plan would realize from a current sale to a willing buyer and is based on available market values.

#### **General Employees Retirement Plan (GERP):**

**Plan Description** – The GERP is a single-employer defined benefit plan covering all eligible employees. The plan was established by the City effective January 1, 1973, and subsequently amended from time to time.

The plan is administered by a board of five trustees. Three trustees shall be employees elected by a majority of the employees who are active members of the plan. One trustee, appointed by the mayor and City Commission, shall be either an active or retired member of the plan or a non-member of the plan who is a resident of Monroe County. The fifth member of the board shall be selected by a majority of the other four trustees. The mayor shall appoint one commissioner as liaison to the board.

Full-time employees, other than police officers and firefighters are eligible to participate in the plan.

**Benefits Provided** – Normal retirement for participants is the earlier of attainment of age 60 and completion of 10 years of credited service or completion of 20 years of credited service, irrespective of age. Employees participating in the plan prior to March 1, 1993 may retire fully vested at age 60 with 5 years of credited service. Employees hired on or after March 1, 1993 may retire at age 60 with 5 years of credited service but less than 10 years of credited service with reduced benefits.

The amount of normal retirement benefit is 2.5% times the final monthly compensation multiplied by credited service. Normal retirement benefit is 1.25% times the final monthly compensation multiplied by credited service for employees hired on or after March 1, 1993 with less than 10 years of credited service.

## 6. Pension Plans (continued)

Final monthly compensation is the average final compensation during the highest consecutive 36 months of earnings out of the last 120 months of employment. Earnable compensation is a member's base salary including overtime pay pick-up contributions, but excluding bonuses, expense allowances, and unused accumulated leave time.

A member is eligible for early retirement upon the attainment of age 55 with 10 years of credited service. An early retirement benefit is accrued to date of retirement, reduced by 1/15<sup>th</sup> for each year prior to normal retirement to reflect commencement of benefit at an earlier age.

**Deferred Retirement Option Plan (the "DROP")** - Members who have obtained normal retirement age, as described above, are eligible for the Deferred Retirement Option Plan (the "DROP"). Participation in the DROP must be exercised within the first thirty years of employment; provided, however, that participation in the DROP, when combined with participation in the retirement plan as an active member may not exceed thirty years. The maximum period of participation in the DROP is five years. Once a member enters the DROP, the monthly retirement benefit is frozen, and the monthly benefit is paid into the DROP account. Upon termination of employment, the balance in the member's DROP account, including interest, is payable to them and they also begin to receive the frozen monthly retirement benefit. The value of the total DROP balance at September 30, 2021 was \$ 1,371,038.

**Cost-of-Living-Adjustment** - Effective January 1, 2006, members receiving benefits received a 2.0% ad hoc cost of living adjustment.

**Contributions** – General employees are required by an ordinance of the City to contribute 6% of their basic annual compensation. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by the plan's actuaries as of October 1st of each preceding year. The contributions requirements of plan members and the City are established and may be amended by the GERP Board of Trustees and the City Commission.

### **Police Officers and Firefighters Retirement Plan (PFRP):**

**Plan Description** – The PFRP is a single-employer defined benefit plan covering all full-time certified police officers and firefighters. The plan was established by the City effective January 1, 1973, and subsequently amended from time to time.

The plan is administered by a board of five trustees. One is an active firefighter who is elected by active firefighter members of the plan. One is an active police officer elected by active police officer members of the plan. Two are appointed by the City Commission and one is elected by the other four trustees.

**Benefits Provided** – A member is eligible for a full normal service retirement on the first day of the month coincident with or next following the earlier of (i) the date that the member has completed 20 years of service, regardless of age, or (ii) the date that the member attains age 55 with 10 years of service. A member may also retire once they have become half vested in the plan, at age 55 with 5 years of service. A member retiring while half vested in the plan is only entitled to 50% of the normal retirement benefit. Normal retirement benefit shall be determined by multiplying 3% of final monthly compensation by the number of years of credited service.

Final monthly compensation is the average final compensation during the highest consecutive 36 months of earnings out of the last 120 months of employment. Earnable compensation is a member's base salary and certain overtime, assignment pay and educational incentive pay.

**6. Pension Plans (continued)**

A member is eligible for early retirement upon the attainment of age 50 with 10 years of service. An early retirement benefit is actuarially reduced, but no more than 3% per year, in order to ensure that the benefits received by an individual retiring early are the monetary equivalent of that which would have been received had the member waited until the normal retirement age.

**Deferred Retirement Option Plan (the “DROP”)** - The plan established a Deferred Retirement Option Plan (“DROP”), which offers active members the opportunity, prior to retirement, working and simultaneously accumulate pension benefits. Once an active member has attained eligibility for normal service retirement, the member can exercise the option to participate in the DROP. Participation in the DROP must be exercised within the first thirty years of employment, provided that participation in the DROP when combined with participation in the pension plan may not exceed thirty years. When a member enters the DROP, the pension payments that the member would have received had he or she actually separated from service are deposited into an account for the member's benefit and are invested as part of the plan. The member ceases making contributions to the plan during his or her DROP participation and is no longer eligible to earn additional service credit during the DROP period. The DROP shall earn interest based upon the actual earnings of the plan or a fixed rate of return of 6.5%, based on which method the member selected. The maximum participation in the DROP is five years. The value of the total DROP balance at September 30, 2021 was \$ 16,631,318.

**Cost-of-Living-Adjustment** – Currently, there are no cost of living adjustments.

**Contributions** – Member contributions are equal to 7% of their basic annual compensation and each member’s actual contributions are individually accumulated. If a member leaves the service of the City with less than 10 years of credited service, all accumulated member contributions are returned to the member. The City is required to contribute an actuarially determined amount that, when combined with member contributions and allowable contributions from the State of Florida, will fully provide for all benefits as they become payable. The City received \$ 599,411 from the State that was generated from the insurance premium tax as part of the required funding for the Police and Firefighters Retirement Plan and recorded revenues and expenditures in the General Fund, as appropriate.

Plan membership data at October 1, 2020 was as follows:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan
	<u>          </u>	<u>          </u>
Active employees	266	176
Inactive employees:		
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>181</u>	<u>203</u>
Total	<u><u>447</u></u>	<u><u>379</u></u>

**Net Pension (Asset) Liability:**

The City’s net pension (asset) liability was determined based on a measurement date of September 30, 2020 for both plans.

## 6. Pension Plans (continued)

The components of the net pension (asset) liability of the City at September 30, 2021, were as follows:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
Total pension liability	\$ 60,296,956	\$ 130,965,342	\$ 191,262,298
Plan fiduciary net position	<u>(61,556,356)</u>	<u>(123,908,289)</u>	<u>(185,464,645)</u>
Net pension (asset) liability	<u>\$ (1,259,400)</u>	<u>\$ 7,057,053</u>	<u>\$ 5,797,653</u>
Plan fiduciary net position as a percentage of the total pension (asset) liability	102.09%	94.61%	96.97%

For governmental activities, net pension liabilities are generally liquidated by the General Fund.

**Actuarial Assumptions** - The total pension (asset) liability at September 30, 2020 was determined by using actuarial valuations as of October 1, 2019, with update procedures used to roll forward the total pension (asset) liability to September 30, 2020. The actuarial valuations used the following actuarial assumptions:

	General Employees Retirement Plan
Inflation	2.50%
Salary increases	4.00%-6.00%
Investment rate of return	7.40%, net of investment expenses
Mortality	PUB-2010 Mortality Tables for male and female, as appropriate.
	Police Officers and Firefighters Retirement Plan
Inflation	2.50%
Salary increases	5.00%
Investment rate of return	7.70% compounded annually, net of investment expenses, including inflation.
Mortality	PUB-2010 Mortality Tables for male and female, as appropriate.

**Long-term Expected Rate of Return:** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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 for each major asset class are summarized in the following tables:

6. Pension Plans (continued)

General Employees Retirement Plan:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	50%	7.5%
International equities	10%	8.5%
Domestic fixed income	25%	2.5%
International fixed income	5%	3.5%
Real estate	10%	4.5%
Total	100%	

Police Officers and Firefighters Retirement Plan:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	45%	7.5%
International equities	15%	8.5%
Domestic bonds	23%	2.5%
International bonds	5%	3.5%
Real estate	6%	4.5%
Infrastructure	6%	4.5%
Total	100%	

**Rate of Return:** For the year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 20.18% for GERP and 18.77% for PFRP. The annual money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate:** The discount rate used to measure the total pension (asset) liability was 7.40% and 7.70% per annum for the GERP and PFRP, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates (statutorily required) and the member rates. Based on those assumptions, the fiduciary net position of the Plans was projected to be available to make all projected future benefit payments of current active and inactive 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 (asset) liability.

6. Pension Plans (continued)

**Changes in Net Pension (Asset) Liability:  
General Employees  
Retirement Plan:**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances, as of September 30, 2019, Measurement Date	\$ 57,868,486	\$ 57,413,267	\$ 455,219
Changes for the year:			
Service cost	1,757,227	-	1,757,227
Interest	4,305,858	-	4,305,858
Differences between expected and actual experience	297,654	-	297,654
Assumption changes	(661,749)	-	(661,749)
Contributions - Employer	-	1,149,081	(1,149,081)
Contributions - Employee	-	843,592	(843,592)
Net investment income	-	5,547,341	(5,547,341)
Benefit payments	(3,270,520)	(3,270,520)	-
Administrative expenses	-	(126,405)	126,405
Net changes	<u>2,428,470</u>	<u>4,143,089</u>	<u>(1,714,619)</u>
Balances, as of September 30, 2020, Measurement Date	<u>\$ 60,296,956</u>	<u>\$ 61,556,356</u>	<u>\$ (1,259,400)</u>

**Police Officers and Firefighters  
Retirement Plan:**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances, as of September 30, 2019, Measurement Date	\$ 121,946,844	\$ 111,655,715	\$ 10,291,129
Changes for the year:			
Service cost	2,358,811	-	2,358,811
Interest	9,574,556	-	9,574,556
Differences between expected and actual experience	(1,917,298)	-	(1,917,298)
Assumption changes	4,910,631	-	4,910,631
Contributions - Employer	-	4,123,745	(4,123,745)
Contributions - State	-	572,176	(572,176)
Contributions - Employee	-	1,019,220	(1,019,220)
Net investment income	-	12,561,144	(12,561,144)
Benefit payments	(5,908,202)	(5,908,202)	-
Administrative expenses	-	(115,509)	115,509
Net changes	<u>9,018,498</u>	<u>12,252,574</u>	<u>(3,234,076)</u>
Balances, as of September 30, 2020, Measurement Date	<u>\$ 130,965,342</u>	<u>\$ 123,908,289</u>	<u>\$ 7,057,053</u>



**6. Pension Plans (continued)**

The net pension asset and related components for GERP are allocated to the governmental activities and business-type activities based on the distribution of current year contributions to the plan. At September 30, 2021, it is distributed 75% to governmental activities and 25% business-type activities. Total net pension liability and related components for the PFRP are distributed 100% to the governmental activities.

**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 applicable discount rate, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease <u>6.40%</u>	Current Discount Rate <u>7.40%</u>	1% Increase <u>8.40%</u>
<b>General Employees Retirement Plan:</b>			
Net Pension (Asset) Liability	\$ <u>5,367,446</u>	\$ <u>(1,259,400)</u>	\$ <u>(6,845,301)</u>
	1% Decrease <u>6.70%</u>	Current Discount Rate <u>7.70%</u>	1% Increase <u>8.70%</u>
<b>Police Officers and Firefighters Retirement Plan:</b>			
Net Pension (Asset) Liability	\$ <u>19,639,872</u>	\$ <u>7,057,053</u>	\$ <u>(3,460,728)</u>

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions:**

For the year ended September 30, 2021, the City recognized pension expense in GERP and PRFP of \$ 1,165,309 and \$ 3,561,289, respectively, aggregating to \$ 4,726,598. At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources <u>                    </u>	Deferred Inflows of Resources <u>                    </u>
<b>General Employees Retirement Plan:</b>		
Pension contributions subsequent to the measurement date	\$ 1,191,439	\$ -
Differences between expected and actual experience	502,502	904,314
Changes of assumptions or other inputs	986,329	504,190
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>469,021</u>
Total	\$ <u>2,680,270</u>	\$ <u>1,877,525</u>

6. Pension Plans (continued)

<b>Police Officers and Firefighters Retirement Plan:</b>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 4,909,918	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,945,320
Changes of assumptions or other inputs	6,878,202	-
Differences between expected and actual experience	<u>2,273,252</u>	<u>2,151,060</u>
Total	<u>\$ 14,061,372</u>	<u>\$ 4,096,380</u>
Total Pension Trust Funds	<u>\$ 16,741,642</u>	<u>\$ 5,973,905</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period ending September 30, 2021. The amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	<u>General Employees Retirement Plan</u>	<u>Police Officers and Firefighters Retirement Plan</u>	<u>Total</u>
2022	\$ (273,079)	\$ 1,091,414	\$ 818,335
2023	(49,487)	1,546,271	1,496,784
2024	216,738	1,781,136	1,997,874
2025	(282,866)	(117,450)	(400,316)
2026	-	326,087	326,087
Thereafter	-	427,616	427,616
Total	<u>\$ (388,694)</u>	<u>\$ 5,055,074</u>	<u>\$ 4,666,380</u>

**Pension Trust Funds:**

The City maintains two pension trust funds to account for its fiduciary responsibility. The following condensed statements present the net position restricted for pension benefits at September 30, 2021 and the changes in net position for the year then ended:

**Condensed Statements of Net Position:**

<b>Assets:</b>	<u>General Employees Retirement Plan</u>	<u>Police Officers and Firefighters Retirement Plan</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,519,570	\$ 4,781,734	\$ 6,301,304
Investments, at fair value	69,633,494	141,273,396	210,906,890
Other	<u>1,584,215</u>	<u>1,411,364</u>	<u>2,995,579</u>
<b>Total assets</b>	<u>72,737,279</u>	<u>147,466,494</u>	<u>220,203,773</u>

**6. Pension Plans (continued)**

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
<b>Liabilities:</b>			
Accounts payable and accrued expenses	91,451	108,134	199,585
Payable for securities purchased	389,993	716,283	1,106,276
<b>Total liabilities</b>	<u>481,444</u>	<u>824,417</u>	<u>1,305,861</u>
<b>Net position restricted for pension benefits</b>	\$ <u>72,255,835</u>	\$ <u>146,642,077</u>	\$ <u>218,897,912</u>

**Condensed Statements of Changes in Net Position:**

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
<b>Additions:</b>			
Contributions	\$ 1,990,559	\$ 6,210,269	\$ 8,200,828
Net investment earnings	12,343,176	23,643,098	35,986,274
<b>Total additions</b>	<u>14,333,735</u>	<u>29,853,367</u>	<u>44,187,102</u>
<b>Deductions:</b>			
Benefits paid	3,489,494	6,977,052	10,466,546
Administrative expenses	144,762	142,527	287,289
<b>Total deductions</b>	<u>3,634,256</u>	<u>7,119,579</u>	<u>10,753,835</u>
<b>Changes in net position</b>	\$ <u>10,699,479</u>	\$ <u>22,733,788</u>	\$ <u>33,433,267</u>

**B. Component Unit:**

**Plan Description** - The Authority's defined benefit pension plan, Retirement System for Employees of The Housing Authority of the City of Key West, Florida ("the Pension Plan"), provides for all permanent full-time employees of the Authority. The Pension Plan is a single-employer defined benefit pension plan administered by the Authority.

The Authority issues a publicly available financial report that includes financial statements and required supplementary information for the Retirement System for Employees of The Housing Authority of the City of Key West, Florida. The financial report can be obtained by contacting the Authority at the following address:

The Housing Authority of the City of Key West, Florida  
1400 Kennedy Drive  
Key West, Florida 33045

**6. Pension Plans (continued)**

The Pension Plan was established January 1, 1984, to provide retirement, disability and death benefits to qualified employees and their beneficiaries of the Authority. The Pension Plan is a qualified plan in accordance with Section 401 of the Internal Revenue Code. The Pension Plan is administered by a board of trustees comprised of the Executive Director of the Authority; two employees of the Authority, one of which shall have a vested interest in the Pension Plan; one retired member; and the Authority Board Chairman. The Pension Plan is a pension trust fund (fiduciary fund type) of the Authority. The Authority has the ability to amend the provisions of the Pension Plan.

**Summary of Significant Accounting Policies** - The Pension Plan utilizes the accrual basis of accounting. The contribution from the Authority is recognized in the period due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Pension Plan.

**Benefits Provided** - Normal retirement benefits are payable to every member who has achieved age 60 and has 5 years of credited service or has attained 30 years of credited service regardless of age. Benefit payments shall commence on the first day of the month after termination of service. Credited service is the total years of continuous employment. No member may receive more than 35 years of credited service and shall be credited in full or partial years.

The normal retirement benefit is determined based on the member's average final compensation (the average of the base pay received by a member during the highest 5 of the last 10 years of service immediately prior to termination of service). The benefit is determined by applying an amount equal to 1.85% of average final compensation, times years of credited service. Early retirement provisions are also available to Pension Plan members.

**Deferred Retirement Option Program (the "DROP")** - The DROP may be elected upon reaching the earlier of early or normal retirement. The member's benefit will be calculated based on average pay and service as of the DROP entry date. No disability benefits are provided while in the DROP. Death benefits, if any, are based on the form of payment elected. DROP accounts are credited with interest at the rate of 8%, compounded annually, or the actual rate earned by the Pension Plan, as applicable. The value of the total DROP balance at December 31, 2020 was \$ 1,711,583.

**Cost-of-Living-Adjustment** - Members receiving benefits receive a 1.50% ad hoc cost of living adjustment.

**Contributions** - The Authority contributes a percentage of basic annual compensation for its permanent employees equal to the actuarially determined minimum contribution divided by the annual payroll of active employees for the prior year. Pension Plan members shall not make any contributions to the Pension Plan. Contribution requirements of the Authority are established and may be amended by the Authority's Board of Commissioners. The contribution rate was 12.5% for the year ended December 31, 2020.

Plan membership data at January 1, 2020 was as follows:

Active employees, including DROP participants	58
Inactive employees:	
Retirees and beneficiaries currently	
employees entitled to benefits but not	
yet receiving them	55
Total	113

**6. Pension Plans (continued)**

**Net Pension Liability (Asset):**

The Authority's net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2020 updated to December 31, 2020.

The components of the net pension liability (asset) of the Authority at December 31, 2020, were as follows:

	Pension Plan
Total pension liability	\$ 13,368,466
Plan fiduciary net position	<u>(13,720,128)</u>
Net pension liability (asset)	<u>\$ (351,662)</u>
Plan fiduciary net position as a percentage of the total pension (asset) liability	102.63%

**Actuarial Assumptions** - The total pension liability was determined using the following actuarial assumptions:

Inflation	3.00%
Salary increases	Age Based
Discount rate	6.75%
Mortality	RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

**Long-term Expected Rate of Return:** 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. 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	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	50%	4.90%
International equity	10%	5.32%
Fixed income	20%	3.55%
Cash	<u>20%</u>	0.75%
	<u>100%</u>	

## 6. Pension Plans (continued)

**Rate of Return:** For the year ended December 31, 2020, the money-weighted rate of return, net of investment expenses and adjusted for the changing amounts actually invested, for the Pension Plan was 11.5%.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Authority 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 the Net Pension Liability (Asset):

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, as of December 31, 2019	\$ <u>12,614,807</u>	\$ <u>12,507,360</u>	\$ <u>107,447</u>
Changes for the year:			
Service cost	238,090	-	238,090
Interest	881,173	-	881,173
Difference between expected and actual experience	70,094	-	70,094
Changes in assumptions	93,725	-	93,725
Contributions - employer	-	384,699	(384,699)
Net investment income	-	1,418,154	(1,418,154)
Benefit payments, including refunds of employee contributions	(529,423)	(529,423)	-
Administrative expenses	-	(60,662)	60,662
Net changes	<u>753,659</u>	<u>1,212,768</u>	<u>(459,109)</u>
Balance, as of December 31, 2020	\$ <u><u>13,368,466</u></u>	\$ <u><u>13,720,128</u></u>	\$ <u><u>(351,662)</u></u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability (asset) of the Authority, calculated using the discount rate of 6.75%, as well as what the Authority's net pension liability (asset) would be if it was calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability (asset)	\$ <u>1,028,026</u>	\$ <u>(351,662)</u>	\$ <u>(1,499,218)</u>

**Pension Plan Fiduciary Net Position** - Detailed information about the Pension Plan's fiduciary net position is available in the separately issued Pension Plan financial report.

**6. Pension Plans (continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions:**

For the year ended December 31, 2020, the Authority recognized pension expense of \$ 532,160. At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 56,076	\$ 243,678
Changes of assumptions	335,861	-
Net difference between projected and actual earnings on pension plan investments	-	833,146
	<u>\$ 391,937</u>	<u>\$ 1,076,824</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2021	\$ (216,594)
2022	4,461
2023	(395,552)
2024	<u>(77,202)</u>
Total	<u>\$ (684,887)</u>

**7. Other Post-Employment Benefits (OPEB)**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, 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.

**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 (medical and prescription) 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. Life, vision, and dental benefits are portable and the retiree must pay full premiums.

The following table provides a summary of the number of participants in the plan as of October 1, 2020:

Retirees and survivors	94
Active plan members	<u>478</u>
Total plan members	<u>572</u>

**7. Other Post-Employment Benefits (OPEB) (continued)**

Currently, the City's OPEB benefits are unfunded. This plan is not accounted for in a trust fund. To date, the City has followed a pay-as-you-go funding policy, therefore, only those amounts necessary to provide for the City's reporting of current year benefit costs and expenses have been contributed from the respective fund. Contribution rates are determined by the City. The Plan does not issue a stand-alone financial report and it is not included in the report of a public employee retirement system or a report of another entity.

**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.

Significant methods and assumptions used for the valuation are as follows:

Measurement date:	September 30, 2021
Valuation date:	October 1, 2020
Actuarial cost method:	Entry Age Normal
Mortality:	PUB 2010 w/ MP-2020 projection
Asset valuation method:	Market
Salary increases and inflation:	3.00%
Discount rate:	2.43%
Health care cost trend:	8.00% decreasing to 5.00% ultimate
Retirement age:	Safety (uniformed): Rates from ages 50 and 20 years. General: Rates from, age 55 and 10 years.

Changes in assumptions and other inputs include the change in the discount rate from 2.14% as of the beginning of the measurement period to 2.43%, as of September 30, 2021. This change is reflected in the Schedule of Changes in total OPEB Liability. There were no benefit changes during the year.

**Discount Rate:** The discount rate used to measure the total OPEB liability at September 30, 2021 was 2.43%. 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 municipal bond with an high grade credit rating as of the measurement date was used to determine the total OPEB liability. The discount rate was 2.14% as of the beginning of the measurement year.



**7. Other Post-Employment Benefits (OPEB) (continued)**

**Total OPEB Liability of the City:** The components of the City's net OPEB liability at September 30, 2021, are as follows:

Total OPEB liability	\$ 6,325,210
OPEB Plan fiduciary net position	<u>-</u>
City's net OPEB liability	<u>\$ 6,325,210</u>
OPEB Plan fiduciary net position as a percentage of total OPEB liability	<u>0.00%</u>

For governmental activities, net other post-employment obligations are generally liquidated by the General Fund.

**Changes in Total OPEB Liability:**

Measurement year ended September 30, 2021

Total OPEB liability:	
Service cost	\$ 932,349
Interest on total OPEB liability	232,526
Difference between expected and actual experience	422,796
Change of assumptions and other inputs	(6,099,664)
Benefit payments - implicit	<u>(57,002)</u>
Net change in total OPEB liability	(4,568,995)
Total OPEB liability, beginning	<u>10,894,205</u>
Total OPEB liability, ending	<u>\$ 6,325,210</u>

**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 2.43%, 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 <u>(1.43%)</u>	Current Discount Rate <u>(2.43%)</u>	1% Increase <u>(3.43%)</u>
Total OPEB liability	\$ <u>7,079,050</u>	\$ <u>6,325,210</u>	\$ <u>5,657,721</u>

**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 6.0% Decreasing to 4.0%	Trend Rate Assumption 7.0% Decreasing to 5.0%	1% Trend Increase 8.0% Decreasing to 6.0%
Total OPEB liability	\$ <u>5,502,787</u>	\$ <u>6,325,210</u>	\$ <u>7,310,587</u>

**7. Other Post-Employment Benefits (OPEB) (continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:** For the year ended September 30, 2021, the City recognized OPEB expense of \$ 536,015. At September 30, 2021, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 375,819	\$ 642,325
Changes in assumptions	<u>1,001,908</u>	<u>5,579,904</u>
Total	<u>\$ 1,377,727</u>	<u>\$ 6,222,229</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amortization Amount</u>
2022	\$ (628,860)
2023	(628,860)
2024	(628,860)
2025	(628,860)
2026	(618,775)
Thereafter	<u>(1,710,287)</u>
	<u>\$ (4,844,502)</u>

**Component Unit:**

The Housing Authority’s Retiree Health Care Plan (HARHCP) is a single employer defined benefit postemployment health care plan that covers eligible retired employees of the Authority. The OPEB Plan, which is administered by the Authority, allows employees who retire and meet retirement eligibility requirements under the Authority’s retirement plan to continue medical coverage as a participant in the Authority’s Health Insurance Plan. The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage at the cost of the retiree. All employees of the Authority are eligible to receive postemployment health care benefits. Employees who retire from the Authority who meet certain criteria are eligible for a fully subsidized premium for the retiree until Medicare eligible. The retiree is responsible for any health-related coverage for spouses and eligible dependents. The Authority’s plan does not have a trust fund; therefore, has followed a pay-as-you-go funding policy. The plan does not issue a stand-alone financial report. The Authority’s net OPEB liability was \$ 1,440,497 and measured as of December 31, 2020. For the year ended December 31, 2020, the Authority reported deferred outflows of resources of \$ 549,991, deferred inflows of resources of \$ 294,601 and recognized OPEB expense of \$ 108,858.

## 8. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. All assets and income of Internal Revenue Code Section 457 deferred compensation plan are held in trust, custodial accounts, or annuity contracts, for the exclusive benefit of the participants and their beneficiaries. Private corporations under contracts with the City administer the assets of the City's plan. Consequently, those plan assets and liabilities are not recorded on the City's financial statements.

## 9. Risk Management

**General Liability, Property, Worker Compensation and Other Claims** - 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. On February 1, 1978, the City established a self-insurance program for workers' compensation. The Insurance Programs Fund, an internal service fund, was created to account for and finance uninsured risks of loss. On October 1, 1988, the Insurance Programs Fund was expanded to include the City's liability and property insurance. During fiscal year 2021, a total of approximately \$ 1,990,000 was incurred/paid in benefits and claims. In fiscal year 2021, the City provided coverage up to the Self-Insured Retention (SIR) level of \$ 325,000 for each worker's compensation claim, and \$ 325,000 SIR level for employer's liability with commercial insurance covering losses that exceed the SIR level. Public officials, automobile, and general liability SIR levels were \$ 100,000 with commercial insurance covering losses exceeding SIR level. There is no SIR level for crime coverage. Commercial insurance will pick up all losses up to \$ 1,000,000 inclusive of the SIR. In general, the City purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settle claims have not exceeded the commercial coverage in any of the past three years.

Self-insurance retention, per occurrence, for wind is 5% of building and/or contents and/or EDP and/or property in the open with no minimum deductible. SIR level for flood is 5% with the following exceptions: \$ 25,000 per building, minimum per occurrence, except excess over the National Flood Insurance Program of \$ 500,000 building and \$ 500,000 contents in property located in flood zones A & V, whether purchased or not.

For additional information, the reader should review the certificates of insurances which are available at the City upon request.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

All funds of the City participate in the program and make payments to the Insurance Programs Fund based on estimates of the amounts needed to pay prior and current year claims, establish reserves for future claims and provide for administrative costs of the program. Interfund premiums are based upon the insured funds' number of employees and value of facilities and are reported as quasi-external interfund transactions. A liability for workers' compensation, general liability and property claims of approximately \$ 4,166,000 is reported in the fund at September 30, 2021. The lowest acceptable confidence level to remain compliant with GASB 10 is presented below in tabular form. Changes in the fund's workers compensation, general liability and property claims on a discounted basis during the past two years are as follows (in thousands):

**9. Risk Management (continued)**

Fiscal Year	Beginning Liability	Claims Incurred	Estimated Prior Claims	Claims Paid and Other Adjustments	Ending Liability*
2020	\$ 4,177	\$ 1,214	\$ (15)	\$ (1,373)	\$ 4,003
2021	\$ 4,003	\$ 773	\$ 657	\$ (1,267)	\$ 4,166

\* Presented at the 75% confidence level and discounted.

**Health Insurance** - The Insurance Programs Fund is also used to fund monthly health insurance premiums. In April 1997, the City converted from a flexible funded health insurance program to a fully insured pay-as-you-go program. The Insurance Programs Fund receives its health insurance contributions from bi-weekly payroll deductions and employer contributions, which are sufficient to meet its monthly premium requirements.

**10. Accrued Compensated Absences**

At September 30, 2021, compensated absences are based on actual earned hours times pay rates in effect at year-end. These amounts are recorded in the governmental fund financial statements for those employees who have terminated their employment as of the end of the fiscal year. In the proprietary fund financial statements, compensated absences are fully recorded and classified as current and long-term based on their expected repayment schedule. The Statement of Net Position, at the government-wide financial statements level, reports the liability when earned for both governmental activities and business-type activities. These amounts are then classified as current or long-term depending upon expected repayment terms. Total accrual at September 30, 2021 was approximately \$ 5,336,000 for all funds.

The General Fund is used to liquidate the liability for compensated absences for those governmental activities.

**11. Construction Commitments**

The following table presents the approximate significant construction commitments outstanding at September 30, 2021:

	<u>Estimated Remaining Construction Commitments</u>
Infrastructure Surtax Fund:	
Keys Overnight Temporary Shelter	\$ 283,000
Truman Waterfront Park Phase 1B	\$ 751,000
Gas Tax Fund:	
South Roosevelt Blvd	\$ 212,000
ADA Sidewalks	\$ 389,000
Street Paving	\$ 1,386,000
Sanitary Sewer System Fund:	
Aeration Basin	\$ 1,779,000
Third Effluent Pump	\$ 214,000
Switch Gear Upgrade	\$ 2,591,000

**11. Construction Commitments (continued)**

	<u>Estimated Remaining Construction Commitments</u>
Stormwater Utility Fund:	
Harris and 10th Drainage	\$ 442,000
Dennis Street Pump and Outfall	\$ 1,083,000
Key West Bight Fund:	
201 William Spalling Repairs	\$ 501,000
Garrison Bight Fund:	
Tarpon Finger Pier Extensions	\$ 249,000
Navy Pier Payments Fund:	
Outer Mole Small Craft Berthing Facility	\$ 838,000

**12. Long-Term Debt and Liabilities**

The following is a summary of changes in long-term debt and liabilities:

	<u>Balance October 1, 2020</u>	<u>Additions</u>	<u>Amortization/ Retirements</u>	<u>Balance September 30, 2021</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Capital lease	\$ -	\$ 308,365	\$ -	\$ 308,365	\$ 154,205
Insurance claims payable	4,003,347	162,912	-	4,166,259	1,141,568
Compensated absences	5,430,899	3,432,733	3,950,440	4,913,192	3,824,584
OPEB liability	10,028,040	-	4,272,924	5,755,116	-
Net pension liability	<u>10,640,646</u>	<u>-</u>	<u>3,583,593</u>	<u>7,057,053</u>	<u>-</u>
Total governmental activities	<u>\$ 30,102,932</u>	<u>\$ 3,904,010</u>	<u>\$ 11,806,957</u>	<u>\$ 22,199,985</u>	<u>\$ 5,120,357</u>
<b>Business-Type Activities:</b>					
<i>Direct Borrowing</i>					
Sewer System Revenue					
Bonds, Series 2012	\$ 970,000	\$ -	\$ 480,000	\$ 490,000	\$ 490,000
Sewer System Refunding					
Revenue Bonds, Series 2013	11,437,042	-	1,509,802	9,927,240	1,556,061
Note payable, State					
Revolving Loan	532,061	-	351,826	180,235	180,235
	<u>12,939,103</u>	<u>-</u>	<u>2,341,628</u>	<u>10,597,475</u>	<u>2,226,296</u>
Compensated absences	419,680	287,139	284,458	422,361	338,423
OPEB liability	866,165	-	296,071	570,094	-
Net pension liability	105,702	-	105,702	-	-
Other	<u>526,317</u>	<u>-</u>	<u>35,722</u>	<u>490,595</u>	<u>-</u>
Total business-type activities	<u>\$ 14,856,967</u>	<u>\$ 287,139</u>	<u>\$ 3,063,581</u>	<u>\$ 12,080,525</u>	<u>\$ 2,564,719</u>
Total long-term debt and liabilities	<u>\$ 44,959,899</u>	<u>\$ 4,191,149</u>	<u>\$ 14,870,538</u>	<u>\$ 34,280,510</u>	<u>\$ 7,685,076</u>

12. Long-Term Debt and Liabilities (continued)

**Capital Lease:**

**Municipal Equipment Lease Purchase:** In May 2021, the City entered a municipal equipment lease-purchase agreement with a third party for the acquisition of certain equipment in the amount of \$ 308,365. The lease is payable in varying annual installments of principal and interest, at a rate of 2.68%, through its maturity of November 1, 2022.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 154,205	\$ 4,092	\$ 158,297
2023	154,160	4,138	158,298
	<u>\$ 308,365</u>	<u>\$ 8,230</u>	<u>\$ 316,595</u>

**Revenue Obligations:**

**Sewer System Revenue Bonds, Series 2012:** In February 2012, the City entered into agreement with a financial institution for the issuance of the Sewer System Revenue Bonds, Series 2012 in the amount of \$ 4,065,000. The proceeds from this indebtedness were used to repay a grant from the State of Florida Department of Emergency Management, the proceeds of which were used to finance the costs of certain capital improvements to the City's sewer system. Interest is due semiannually, at a rate of 2.07%, with principal due of \$ 490,000 on the maturity date of October 1, 2021. These bonds were issued on a parity basis with the City's Sewer System Revenue Bonds, currently outstanding or issued hereafter.

**Sewer System Refunding Revenue Bonds, Series 2013:** In August 2013, the City issued the 2013 Series Sewer System Refunding Revenue Bonds at a par amount of \$ 19,963,753. The Bonds bear interest at 2.65% and mature in October 2026. Interest is payable semi-annually on the first day of April and October. The proceeds, along with existing sinking fund reserves, were used to currently refund the then outstanding balance of the 2003 Series Sewer System Refunding Revenue Bonds. The principal and interest are secured by a pledge of net revenues of the sewer system.

Revenue bonds debt service requirements to maturity, including interest are estimated as follows:

<u>Fiscal Year</u>	<u>Sewer System Revenue Bonds, Series 2012</u>		<u>Sewer System Refunding Revenue Bonds, Series 2013</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2022	\$ 490,000	\$ 5,072	\$ 1,556,061	\$ 242,464	\$ 2,293,597
2023	-	-	1,590,572	200,771	1,791,343
2024	-	-	1,628,447	158,119	1,786,566
2025	-	-	1,669,563	114,420	1,783,983
2026	-	-	1,716,588	69,553	1,786,141
2027	-	-	1,766,009	23,404	1,789,413
	<u>\$ 490,000</u>	<u>\$ 5,072</u>	<u>\$ 9,927,240</u>	<u>\$ 808,731</u>	<u>\$ 11,231,043</u>

**Continuing disclosure** - In accordance with authorizing Ordinances and to comply with the continuing disclosure requirements of the Securities and Exchange Commission, the following disclosure is provided for the Sanitary Sewer System Refunding Revenue Bonds. At September 30, 2021, the City is in compliance with all reporting and disclosure requirements. Required disclosures as of September 30, 2021, are presented below:

**12. Long-Term Debt and Liabilities (continued)**

**Sanitary Sewer System:**

- A. During the year, there has been no material modification to, or termination of, the Navy agreement which determines the contractual obligation of the Navy as it relates to the Sewer System.
- B. During the year, the City did not issue any additional parity obligations and/or subordinated indebtedness.
- C. Current and proposed rate schedules:
 

	2020	2021	2022
Base charge	\$ 23.57	\$ 23.57	\$ 23.57
Commodity charge	4.67	4.67	\$ 4.67
- D. Required historical debt service coverage information is presented in the statistical section of this report (Table 16).

The Sewer System Revenue Bonds Series 2012 and the Sewer System Refunding Revenue Bonds Series 2013 (the "Bonds") are secured by a lien on Net Revenues. The Bonds do not constitute a general obligation or indebtedness of the Issuer within the meaning of any constitutional, statutory or other limitation of indebtedness and the holders thereof shall never have the right to compel the exercise of any ad valorem taxing power of the City or taxation in any form on any real or personal property for the payment of any principal of or interest on the Bonds. Except as provided below, if any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

- (1) Default in the due and punctual payment of any interest on the Bonds;
- (2) Default in the due and punctual payment of the principal of and premium, if any, on the Bonds, at the stated maturity thereof, or upon proceedings for redemption thereof;
- (3) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the City contained in the agreements, in the Bonds and the continuance thereof for a period of thirty (30) days after written notice to the City given by the holders of the bonds of not less than twenty-five percent (25%) of aggregate principal amount of Bonds then outstanding, whichever is applicable (provided, however, that with respect to any obligation, covenant, agreement or condition which requires performance by a date certain, if the City performs such obligation, covenant, agreement or condition within thirty (30) days of written notice as provided above, the default shall be deemed to be cured);
- (4) Failure by the Issuer promptly to remove any execution, garnishment or attachment of such consequence as will materially impair its ability to carry out its obligations hereunder; or
- (5) Any act of bankruptcy or the rearrangement, adjustment or readjustment of the obligations of the City under the provisions of any bankruptcy or moratorium laws or similar laws relating to or affecting creditors' rights.

**12. Long-Term Debt and Liabilities (continued)**

Notwithstanding the foregoing, the occurrence of a default under a Qualified Derivative Agreement, including without limitation failure on the part of the City to make Qualified Derivative Payments or to pay a termination fee thereunder, shall not be construed as or deemed to constitute an "Event of Default" hereunder; rather, such occurrence shall be remedied pursuant to such Qualified Derivative Agreement and applicable legal and equitable principles taking into account the parity status as to lien on Net Revenues which the counterparty to such Qualified Derivative Agreement enjoys as to Qualified Derivative Payments only, relative to that of the bondholders and their rights to payments hereunder.

**Note Payable – State of Florida, Department of Environmental Protection – State Revolving Loan:** In connection with the City’s Advanced Wastewater Treatment Facility, the City qualified for the Florida State Revolving Loan Fund program in tandem with the Sewer System Revenue Bonds. Total principal draws amounted to (at present value) \$ 5,172,648 through fiscal year 2002, which agreed to the maximum amount available under this agreement. The City pays annual installments through February 2022, with interest payable at a 3.28% fixed rate. This facility is in junior position to the Sewer System Revenue Bonds, Series 2012 and 2013.

State revolving loan debt service requirements to maturity are estimated as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ <u>180,235</u>	\$ <u>2,946</u>	\$ <u>183,181</u>

The State of Florida, Department of Environmental Protection (the “State”), Revolving Fund Loan Agreement is secured by the pledging of specific revenues for repayment of the loan and shall be the gross revenues derived yearly from the operation of the Sewer System after payment of the operation and maintenance expenses and the satisfaction of all yearly payment obligations on the Bonds. Failure to pay principal and interest when due on the loan or any other loan or obligation for the repayment of money; declare bankruptcy or insolvency; fails to correct any covenants, conditions or arrangements of this loan and such default continues for thirty (30) days after written notice requiring to be remedied, the State may proceed to protect and enforce its rights.

**Component Unit:**

The following is a summary of changes in long-term debt and liabilities for the Authority for the year ended December 31, 2020:

	<u>Balance January 1, 2020</u>	<u>Additions</u>	<u>Amortization/ Retirements</u>	<u>Balance December 31, 2020</u>	<u>Due Within One Year</u>
Notes payable	\$ 5,036,159	\$ -	\$ 84,675	\$ 4,951,484	\$ 88,614
Revenue notes	42,870,048	-	1,408,542	41,461,506	1,460,281
Compensated absences	437,269	104,899	55,906	486,262	293,103
Net pension liability	107,447	-	107,447	-	-
OPEB liability	<u>1,146,778</u>	<u>293,719</u>	<u>-</u>	<u>1,440,497</u>	<u>-</u>
Total long-term debt and liabilities	<u>\$ 49,597,701</u>	<u>\$ 398,618</u>	<u>\$ 1,656,570</u>	<u>\$ 48,339,749</u>	<u>\$ 1,841,998</u>



**12. Long-Term Debt and Liabilities (continued)**

Notes, as of December 31, 2020, are comprised of the following:

Notes Payable Description:

Multifamily Housing Revenue Bond, Series 2010, in the principal amount of \$ 1,759,000. The bond is amortized over a 20-year period and bears interest at 4.50%. The bond is due in August 2030. In addition, The Authority borrowed \$ 1,636,000 (two notes) from the Monroe County Comprehensive Plan Land Authority in order to acquire the property "Washington Street." The entire loan balance for the second note (\$ 800,000) will be forgiven in 30 years if all covenant conditions are met. These loans do not bear interest and mature in 30 years.	\$ 2,676,484
Mortgage note due to a governmental agency, collateralized by land, "Key Plaza Site B," payable in full in November 2034, non-interest bearing.	1,500,000
Mortgage land notes of \$ 225,000 and \$ 550,000, "Eisenhower Land", due to a governmental agency, no indication of collateral, principals will be forgiven in November 2041 if covenants of the agreement are met.	<u>775,000</u>
	<u>\$ 4,951,484</u>

Revenue Notes, as of December 31, 2020, are comprised of the following:

Revenue Notes Description:

Multifamily Housing Revenue Refunding Note, Series 2014A and Taxable Multifamily Housing Revenue Refunding Note, Series 2014B. Both of these notes have issuance dates of May 7, 2014 and mature in 2024. Series 2014A and Series 2014B bear interest at 3.5% and 5.3%, respectively. The outstanding balance of Series 2014A and Series 2014B was \$ 7,493,745 and \$ 1,576,001, respectively.	\$ 9,069,746
Multifamily Housing Revenue Note amortized over a 25-year period and bearing interest at 4.25%. A 10-year call exists at which time the loan's interest rate will be renegotiated. If a new rate is not agreed upon, the loan will become payable and due. These notes are collateralized by the land, project improvements and property located on the land "Roosevelt Gardens."	7,112,137

**12. Long-Term Debt and Liabilities (continued)**

Revenue Notes Description (continued):

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<p>Housing Revenue Note, Series 2015A and Taxable Housing Revenue Note, Series 2015B. In December 2016, the Authority refinanced a portion of the Series 2015B. The Series 2016 Note has an interest rate of 2.90% with interest only beginning the date of issuance for approximately ten months with a 28-year amortization beginning immediately following the interest only period. Both the 2015A and 2015B Notes have issuance dates of September 1, 2015 and mature in 2045. Series 2015A and Series 2015B bear interest at 2.90% and 4.74%, respectively. The outstanding balance of Series 2015A, Series 2015B and Series 2016 was \$ 7,589,808, \$ 1,230,468 and \$ 9,491,658, respectively.</p>	<p>18,311,934</p>
<p>Second mortgage payable to a local government agency to facilitate the acquisition of the "Poinciana Complex". This note is non-interest bearing and is due in January 2034. Collateralized by the land, project improvements and property located on the land.</p>	<p>2,210,000</p>
<p>Housing Revenue Bond, Series 2009, issued to a local banking institution in the principal amount of \$ 2,900,000 to demolish existing structures and construct new rental units on the site "Key Plaza Site B." Collateralized by first mortgage on land, project improvements and property located on the land; bearing interest at rates ranging from 4.00% to 4.75% with other applicable conditions. The bond is amortized over a 25-year period with a 7-year balloon, with an available maturity through November 2035.</p>	<p>1,255,790</p>
<p>\$ 2,216,644 Housing Revenue Note, Series 2017. The note is a tax-exempt note and bears a 2.90% interest rate. The initial 10 months of the note shall be interest only; interest is accrued on the principal amount outstanding. Payments of principal and interest are payable on a 27-year amortization period. The note is collateralized by senior living facilities.</p>	<p>2,102,347</p>
<p>On April 1, 2018, the Authority entered into a \$1,500,000 Multifamily Housing Revenue Note (Series 2018) with a local banking institution. The proceeds from this note were used to retire the HOME Loan that was provided by the Florida Housing Finance Corporation. The loan has an interest rate of 3.5% and a maturity date of May 1, 2028.</p>	<p><u>1,399,552</u></p>
	<p><u>\$ 41,461,506</u></p>

**12. Long-Term Debt and Liabilities (continued)**

The anticipated debt service under all agreements discussed for the component unit are as follows:

Fiscal Year Ending December 31,	Notes Payable		Revenue Notes	
	Principal	Interest	Principal	Interest
2021	\$ 88,614	\$ 45,604	\$ 1,460,281	\$ 1,346,791
2022	92,740	41,479	1,477,050	1,295,091
2023	97,058	37,161	1,530,689	1,241,455
2024	101,577	113,661	8,416,685	1,059,335
2025	106,306	27,912	1,027,024	882,446
2026-2030	554,195	60,972	6,608,070	3,757,747
2031-2035	1,500,000	-	9,698,099	2,617,268
2036-2040	1,636,000	-	5,170,451	1,302,555
2041-2045	774,994	-	6,073,157	539,972
Totals	\$ <u>4,951,484</u>	\$ <u>326,789</u>	\$ <u>41,461,506</u>	\$ <u>14,042,660</u>

**13. Interfund Assets and Liabilities**

A summary of interfund receivable and payable balances at September 30, 2021 are as follows:

Interfund Items (current)	Receivables	Payables
Governmental Funds:		
General	\$ -	\$ 258,622
Gas Tax	-	3,630
Infrastructure Surtax	-	1,452
Capital Projects	-	726
Bahama Village	-	189
Caroline Street	-	189
Transportation Alternative	-	3,725
Truman Waterfront	-	3,725
Enterprise Funds:		
Sanitary Sewer System	-	1,894
Solid Waste	-	3,314
Key West Bight	-	13,005
Stormwater	-	568
Transit System	-	16,667
Garrison Bight	-	7,229
Internal Service Fund:		
Insurance Programs	314,935	-
	\$ <u>314,935</u>	\$ <u>314,935</u>

The balances in the various Governmental and Enterprise Funds above are results of underfunding or overfunding of the Insurance Programs Fund. All of the above amounts are expected to be repaid shortly after year-end from available current assets.

**13. Interfund Assets and Liabilities (continued)**

A summary of advances (receivables and payables) at September 30, 2021 are as follows:

<u>Advances (long-term)</u>	<u>Receivables</u>	<u>Payables</u>
Governmental Funds:		
General	\$ 800,219	\$ -
Enterprise Funds:		
Sanitary Sewer System	1,204,391	-
Stormwater	<u>-</u>	<u>2,004,610</u>
Totals	<u>\$ 2,004,610</u>	<u>\$ 2,004,610</u>

The advance in the General Fund is owed by the Stormwater Fund in connection with prior years' working capital needs. The receivable balance in the Sanitary Sewer System Fund is primarily due to long-term advances made to the Stormwater Fund in connection with construction projects. The above amounts are repaid as excess cash flows become available in the debtor fund.

**14. Interfund Transfers**

A summary of interfund transfers for the year ended September 30, 2021 is as follows:

<u>Transfers</u>	<u>In</u>	<u>Out</u>
Governmental Funds:		
General	\$ 11,843,023 a,b,c,g,l,j	\$ 1,483,115 e,g,h
Gas Tax	500,000 d	273,869 c
Infrastructure Surtax	-	1,394,297 c,b,d
Capital Projects	-	15,335 c
Community Development Office	77,302 h	-
Nonmajor funds	1,408,823 d,e,g,j	441,152 c,f
Enterprise Funds:		
Sanitary Sewer System	292,969 j	787,670 c,i
Solid Waste	96,316 j	1,831,955 a,c,i
Key West Bight	475,401 j	4,453,605 a,c,d,i
Stormwater	2,036 j	204,503 c,i
Transit System	118,705 f,j	408,394 a,c,d,i
Garrison Bight	81,344 j	391,695 a,c,i
Internal Service Fund:		
Insurance Programs	<u>-</u>	<u>3,210,329 j</u>
Totals	<u>\$ 14,895,919</u>	<u>\$ 14,895,919</u>

Reasons for these transfers are set forth below:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>a) Payments in lieu of taxes</li> <li>b) 10% of the budgeted discretionary sales surtax revenues</li> <li>c) Cost allocation and recovery of general fund services</li> <li>d) Various infrastructure and other capital projects</li> <li>e) Tax increment funding</li> </ul> | <ul style="list-style-type: none"> <li>f) Subsidy for transit programs and projects</li> <li>g) Various operating costs</li> <li>h) Transfer for CDO Operational Support</li> <li>i) Franchise &amp; right of way</li> <li>j) Insurance Fund credit</li> </ul> |
|--|--|

**15. Leases**

**Operating Leases, Lessor:** The City has various operating leases with tenants throughout the City.

The following is a schedule of minimum future rental income of non-cancelable operating leases as of September 30, 2021:

<u>Year Ending September 30,</u>	<u>Principal</u>
2022	\$ 5,434,000
2023	5,111,000
2024	4,804,000
2025	4,004,000
2026	2,948,000
Thereafter	<u>11,590,000</u>
Totals	<u>\$ 33,891,000</u>

As of September 30, 2021, leased assets consist of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 14,880,433	\$ -	\$ 14,880,433
Building	<u>22,137,687</u>	<u>10,948,817</u>	<u>11,188,870</u>
Total	<u>\$ 37,018,120</u>	<u>\$ 10,948,817</u>	<u>\$ 26,069,303</u>

**16. Contingencies**

The City is a defendant in several personal injury, workers' compensation, and other litigation incidental to its routine operations. Annually, the City undergoes an actuarial study to determine the funding necessary to allow for current and future losses. The City has established a general liability account within the Insurance Internal Service Fund and has reflected its best estimates of such liabilities.

In addition, due to land use plan and building permit allocation ordinance restrictions, from time to time the City is involved in actions for limiting the ability to use certain properties. Due to the uncertainty of the outcome, and the inability to estimate potential losses, no provision has been recorded in the financial statements.

The City receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants and revenue sharing. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, if any, such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at September 30, 2021.

## **17. Risks and Uncertainties**

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the *World Health Organization* designated the coronavirus outbreak as a pandemic. Management and the City Commission continue to evaluate and monitor the potential adverse effect that this event may have on the City's financial position, operations and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

## **REQUIRED SUPPLEMENTARY INFORMATION**

City of Key West, Florida  
 Required Supplementary Information  
 (Unaudited)  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 Last three Fiscal Years \*

Fiscal Year:	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement Date:	9/30/2021	9/30/2020	9/30/2019	9/30/2018
<b>Total OPEB liability:</b>				
Service cost	\$ 932,349	\$ 766,857	\$ 630,043	\$ 751,138
Interest on total OPEB Liability	232,526	312,934	313,949	290,240
Difference between expected and actual experience	422,796	(102,430)	(800,543)	-
Changes of assumptions or other inputs	(6,099,664)	1,212,182	45,947	(292,432)
Benefits payments - implicit	(57,002)	(73,000)	(73,419)	(172,454)
<b>Net change in total OPEB liability</b>	(4,568,995)	2,116,543	115,977	576,492
<b>Total OPEB liability - beginning</b>	10,894,205	8,777,662	8,661,685	8,085,193
<b>Total OPEB liability - ending</b>	\$ <u>6,325,210</u>	\$ <u>10,894,205</u>	\$ <u>8,777,662</u>	\$ <u>8,661,685</u>
<b>Covered payroll</b>	\$ 31,542,874	\$ 31,684,760	\$ 28,514,525	\$ 28,319,809
<b>Total OPEB liability as a percentage of covered payroll</b>	20.1%	34.4%	30.8%	30.6%

**Notes to Schedule:**

\* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Changes in assumption or other inputs include the change in the discount rate from 2.14% as of the beginning of the measurement period to 2.43%, as of September 30, 2021.

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



**City of Key West, Florida**  
**Required Supplementary Information**  
**(Unaudited)**  
**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios**  
**General Employees' Pension Trust Fund**

Fiscal year:	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement Date:	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
<b>Total pension liability:</b>								
Service cost	\$ 1,772,264	\$ 1,757,227	\$ 1,652,798	\$ 1,472,641	\$ 1,427,943	\$ 1,269,240	\$ 1,154,040	\$ 1,134,108
Interest	4,575,011	4,305,858	4,122,010	3,944,192	3,791,376	3,499,027	3,277,233	3,149,825
Differences between expected and actual experience	(399,414)	297,654	(1,376,405)	(180,469)	1,851,258	1,253,381	(189,114)	(795,460)
Assumption changes	304,953	(661,749)	1,611,968	-	43,681	(97,983)	-	1,479,338
Benefit payments, including refunds of member contributions	<u>(3,489,494)</u>	<u>(3,270,520)</u>	<u>(3,118,279)</u>	<u>(3,121,318)</u>	<u>(3,041,719)</u>	<u>(2,735,024)</u>	<u>(2,671,762)</u>	<u>(2,261,393)</u>
<b>Net change in total pension liability</b>	<b>2,763,320</b>	<b>2,428,470</b>	<b>2,892,092</b>	<b>2,115,046</b>	<b>4,072,539</b>	<b>3,188,641</b>	<b>1,570,397</b>	<b>2,706,418</b>
<b>Total pension liability - beginning</b>	<u>60,296,956</u>	<u>57,868,486</u>	<u>54,976,394</u>	<u>52,861,348</u>	<u>48,788,809</u>	<u>45,600,168</u>	<u>44,029,771</u>	<u>41,323,353</u>
<b>Total pension liability - ending (A)</b>	<u>\$ 63,060,276</u>	<u>\$ 60,296,956</u>	<u>\$ 57,868,486</u>	<u>\$ 54,976,394</u>	<u>\$ 52,861,348</u>	<u>\$ 48,788,809</u>	<u>\$ 45,600,168</u>	<u>\$ 44,029,771</u>
<b>Plan fiduciary net position:</b>								
Contributions - employer	\$ 1,191,439	\$ 1,149,081	\$ 998,882	\$ 991,645	\$ 752,506	\$ 730,895	\$ 842,957	\$ 919,864
Contributions - members	799,120	843,592	832,985	790,420	797,975	769,999	708,253	655,206
Net investment earnings	12,343,176	5,547,341	1,577,081	5,148,560	6,120,262	3,511,656	555,804	4,431,002
Benefit payments, including refunds of member contributions	(3,489,494)	(3,270,520)	(3,118,279)	(3,121,318)	(3,041,719)	(2,735,024)	(2,671,762)	(2,261,393)
Administrative expenses	<u>(144,762)</u>	<u>(126,405)</u>	<u>(168,255)</u>	<u>(184,725)</u>	<u>(184,764)</u>	<u>(211,426)</u>	<u>(163,130)</u>	<u>(142,131)</u>
<b>Net change in plan fiduciary net position</b>	<b>10,699,479</b>	<b>4,143,089</b>	<b>122,414</b>	<b>3,624,582</b>	<b>4,444,260</b>	<b>2,066,100</b>	<b>(727,878)</b>	<b>3,602,548</b>
<b>Plan fiduciary net position - beginning</b>	<u>61,556,356</u>	<u>57,413,267</u>	<u>57,290,853</u>	<u>53,666,271</u>	<u>49,222,011</u>	<u>47,155,911</u>	<u>47,883,789</u>	<u>44,281,241</u>
<b>Plan fiduciary net position - ending (B)</b>	<u>\$ 72,255,835</u>	<u>\$ 61,556,356</u>	<u>\$ 57,413,267</u>	<u>\$ 57,290,853</u>	<u>\$ 53,666,271</u>	<u>\$ 49,222,011</u>	<u>\$ 47,155,911</u>	<u>\$ 47,883,789</u>
<b>City's net pension liability (asset)- ending (A) - (B)</b>	<u>\$ (9,195,559)</u>	<u>\$ (1,259,400)</u>	<u>\$ 455,219</u>	<u>\$ (2,314,459)</u>	<u>\$ (804,923)</u>	<u>\$ (433,202)</u>	<u>\$ (1,555,743)</u>	<u>\$ (3,854,018)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	114.58%	102.09%	99.21%	104.21%	101.52%	100.89%	103.41%	108.75%
<b>Covered payroll</b>	\$ 13,318,667	\$ 14,059,867	\$ 13,882,991	\$ 13,173,649	\$ 13,299,209	\$ 13,093,472	\$ 11,773,303	\$ 10,500,212
<b>City's net pension liability (asset) as percentage of covered payroll</b>	-69.04%	-8.96%	3.28%	-17.57%	-6.05%	-3.31%	-13.21%	-36.70%

Note: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years which the information is available.

**City of Key West, Florida**  
**Required Supplementary Information**  
**(Unaudited)**  
**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios**  
**Police Officers' and Firefighters' Pension Trust Fund**

Fiscal year:	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement Date:	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
<b>Total pension liability:</b>								
Service cost	\$ 2,967,988	\$ 2,358,811	\$ 1,883,330	\$ 1,916,291	\$ 1,779,015	\$ 1,616,830	\$ 1,454,687	\$ 1,481,267
Interest	9,878,207	9,574,556	9,732,692	9,352,467	8,704,537	7,783,325	7,402,128	7,063,784
Differences between expected and actual experience	1,727,463	(1,917,298)	(710,726)	1,924,924	2,335,251	473,539	260,206	-
Assumption changes	8,951,924	4,910,631	-	536,041	3,930,249	1,231,928	2,284,845	-
Benefit payments, including refunds of member contributions	(6,990,958)	(5,908,202)	(6,204,206)	(5,835,862)	(4,973,927)	(4,852,091)	(4,300,292)	(4,065,051)
<b>Net change in total pension liability</b>	16,534,624	9,018,498	4,701,090	7,893,861	11,775,125	6,253,531	7,101,574	4,480,000
<b>Total pension liability - beginning</b>	<u>130,965,342</u>	<u>121,946,844</u>	<u>117,245,754</u>	<u>109,351,893</u>	<u>97,576,768</u>	<u>91,323,237</u>	<u>84,221,663</u>	<u>79,741,662</u>
<b>Total pension liability - ending (A)</b>	<u>\$ 147,499,966</u>	<u>\$ 130,965,342</u>	<u>\$ 121,946,844</u>	<u>\$ 117,245,754</u>	<u>\$ 109,351,893</u>	<u>\$ 97,576,768</u>	<u>\$ 91,323,237</u>	<u>\$ 84,221,662</u>
<b>Plan fiduciary net position:</b>								
Contributions - employer	\$ 4,310,507	\$ 4,123,745	\$ 4,375,564	\$ 3,765,235	\$ 3,581,684	\$ 2,835,282	\$ 2,801,375	\$ 2,975,423
Contributions - state	599,411	572,176	640,814	645,479	572,152	532,550	578,511	727,859
Contributions - members	1,300,351	1,019,220	935,670	872,519	895,491	822,496	777,269	764,013
Net investment earnings	23,643,098	12,561,144	4,081,027	10,642,484	11,413,677	7,042,214	614,041	8,116,554
Benefit payments, including refunds of member contributions	(6,977,052)	(5,908,202)	(6,204,206)	(5,835,862)	(4,973,927)	(4,852,091)	(4,300,292)	(4,065,051)
Administrative expenses	(142,527)	(115,509)	(205,265)	(165,342)	(182,082)	(175,719)	(142,080)	(109,548)
<b>Net change in plan fiduciary net position</b>	22,733,788	12,252,574	3,623,604	9,924,513	11,306,995	6,204,732	328,824	8,409,250
<b>Plan fiduciary net position - beginning</b>	<u>123,908,289</u>	<u>111,655,715</u>	<u>108,032,111</u>	<u>98,107,598</u>	<u>86,800,603</u>	<u>80,595,871</u>	<u>80,267,047</u>	<u>71,857,797</u>
<b>Plan fiduciary net position - ending (B)</b>	<u>\$ 146,642,077</u>	<u>\$ 123,908,289</u>	<u>\$ 111,655,715</u>	<u>\$ 108,032,111</u>	<u>\$ 98,107,598</u>	<u>\$ 86,800,603</u>	<u>\$ 80,595,871</u>	<u>\$ 80,267,047</u>
<b>City's net pension liability (asset) - ending (A) - (B)</b>	<u>\$ 857,889</u>	<u>\$ 7,057,053</u>	<u>\$ 10,291,129</u>	<u>\$ 9,213,643</u>	<u>\$ 11,244,295</u>	<u>\$ 10,776,165</u>	<u>\$ 10,727,366</u>	<u>\$ 3,954,615</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	99.42%	94.61%	91.56%	92.14%	89.72%	88.96%	88.25%	95.30%
<b>Covered payroll</b>	\$ 14,097,451	\$ 13,386,293	\$ 12,249,085	\$ 12,324,694	\$ 11,570,527	\$ 11,325,253	\$ 9,977,377	\$ 10,553,410
<b>City's net pension liability (asset) as a percentage of covered payroll</b>	6.09%	52.72%	84.02%	74.76%	97.18%	95.15%	107.52%	37.47%

Note: This schedule is intended to present information for ten years. However, until a full ten-year trend is compiled, the pension plan will present information for those years which the information is available.

**City of Key West, Florida  
Required Supplementary Information  
(Unaudited)  
Schedule of Contributions  
General Employees' Pension Trust Fund  
(In Thousands)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,191	\$ 1,140	\$ 960	\$ 992	\$ 664	\$ 475	\$ 475	\$ 636	\$ 987	\$ 843
Contributions in relation to the actuarially determined contribution	1,191	1,149	999	992	753	731	843	920	987	879
Contribution deficiency (excess)	\$ -	\$ (9)	\$ (39)	\$ -	\$ (89)	\$ (256)	\$ (368)	\$ (284)	\$ -	\$ (36)
Covered payroll	\$ 13,319	\$ 14,060	\$ 13,883	\$ 13,174	\$ 13,300	\$ 13,093	\$ 11,773	\$ 10,500	\$ 9,945	\$ 9,609
Contributions as a percentage of covered payroll	8.94%	8.17%	7.20%	7.53%	5.66%	5.58%	7.16%	8.76%	9.92%	9.15%

**Notes to Schedule:**

Valuation date: October 1, 2019

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry Age Normal
- Amortization method: Level Percentage of Pay, Closed
- Amortization period: 20 years
- Asset valuation method: 5-year smoothed market
- Inflation: 2.50%
- Projected salary increases: 4.00% - 6.00%
- Investment rate of return: 7.40%
- Cost of living adjustments: None
- Retirement rates: Experience-based table rates that are specific to the type of eligibility condition
- Mortality: PUB-2010 Mortality Tables for male and female, as appropriate.
- Changes since last valuation: None

**City of Key West, Florida**  
**Required Supplementary Information**  
**(Unaudited)**  
**Schedule of Contributions**  
**Police Officers' and Firefighters' Pension Trust Fund**  
**(In Thousands)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 4,832	\$ 4,645	\$ 4,384	\$ 4,411	\$ 4,153	\$ 3,356	\$ 3,323	\$ 3,497	\$ 3,468	\$ 3,214
Contributions in relation to the actuarially determined contribution	4,832	4,645	4,384	4,411	4,153	3,356	3,323	3,497	3,468	3,214
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 14,097	\$ 13,386	\$ 12,249	\$ 12,325	\$ 11,571	\$ 11,325	\$ 9,977	\$ 10,051	\$ 9,634	\$ 9,645
Contributions as a percentage of covered payroll	34.28%	34.70%	35.79%	35.79%	35.89%	29.63%	33.31%	34.79%	36.00%	33.32%

**Notes to Schedule:**

- Valuation date: October 1, 2020
- Methods and assumptions used to determine contribution rates:
  - Actuarial cost method: Entry Age Normal
  - Amortization method: Level Dollar, closed
  - Amortization period: 30 years
  - Asset valuation method: 5-year smoothed market value
  - Inflation: 2.50%
  - Projected salary increases: 5.00% per annum
  - Investment rate of return: 7.00%, net of investment expenses, compounded annually
  - Cost of living adjustments: None.
  - Retirement rates: Ranging from 20 or more years of credited service (75% - 100%) and less than 20 years of credited service (50% - 100%).
  - Mortality: PUB-2010 Mortality Tables for male and female, as appropriate.
  - Changes since last valuation: Inflation rate updated.

**City of Key West, Florida**  
**Required Supplementary Information**  
**(Unaudited)**  
**Schedule of Investment Returns**  
**General Employees' Pension Trust Fund**

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	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
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Annual money-weighted rate of return,  
net of investment expense

	20.2%	9.5%	2.5%	9.3%	12.2%	7.1%	1.0%	9.9%	12.3%	14.5%
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City of Key West, Florida  
 Required Supplementary Information  
 (Unaudited)  
 Schedule of Investment Returns  
 Police Officers' and Firefighters' Pension Trust Fund

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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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Annual money-weighted rate of return,  
 net of investment expense

	18.8%	10.8%	3.9%	10.5%	13.8%	9.4%	(0.2%)	12.6%	16.3%	20.2%
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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## Nonmajor Governmental Funds Overview

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted to expenditures for particular purposes as authorized by statutory or charter provisions.

**Law Enforcement Trust Fund** - To account for the proceeds from confiscated property, designated for purchases of technical equipment, and related expenditures, for the police department.

**Fort Taylor Fund** - To account for State of Florida shared revenues, Department of Natural Resources grants, together with donations, restricted for the acquisition and maintenance of salt ponds.

**Affordable Housing Escrow Fund** - To account for proceeds and disbursements associated with the acquisition, rehabilitation or any other element related to the development of affordable housing.

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

**Navy Pier Payments Fund** - To account for lease payments held in reserve and related transportation expenditures.

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

**Community Fund** - To account for proceeds from a one percent assessment to be collected on all qualifying new construction and major remodeling projects and the expenditures committed to approved Art in Public Places projects.

**Transportation Alternative Fund** – To account for proceeds from parking revenue to fund transportation related plans.

**Truman Waterfront Fund** – To account for proceeds from parking revenue to fund the operations and maintenance of the Truman Waterfront Amphitheatre and Park.



**City of Key West, Florida  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2021**

	Special Revenue Funds										Total
	Law Enforcement Trust Fund	Fort Taylor Fund	Affordable Housing Escrow Fund	Bahama Village Fund	Navy Pier Payments Fund	Caroline Street Fund	Community Fund	Transportation Alternative Fund	Truman Waterfront Fund		
<b>Assets:</b>											
Cash, cash equivalents and investments	\$ 122,819	\$ 1,194,694	\$ 240,408	\$ 4,345,826	\$ 2,296,492	\$ 2,751,890	\$ 105,773	\$ 1,072,652	\$ 83,043	\$ 12,213,597	
Receivables (net of allowance for uncollectibles):	-	790,897	500,000	-	-	-	-	-	-	1,290,897	
Intergovernmental	-	-	-	-	-	-	-	-	-	97	
Prepaids	-	-	-	-	-	-	-	-	-	-	
<b>Total assets</b>	<u>\$ 122,819</u>	<u>\$ 1,985,591</u>	<u>\$ 740,408</u>	<u>\$ 4,345,826</u>	<u>\$ 2,296,492</u>	<u>\$ 2,751,890</u>	<u>\$ 105,773</u>	<u>\$ 1,072,652</u>	<u>\$ 83,140</u>	<u>\$ 13,504,591</u>	
<b>Liabilities:</b>											
Accounts payable	\$ 6,500	\$ 37,766	\$ 120,718	\$ 22,080	\$ 8,250	\$ -	\$ 813	\$ 59,887	\$ 8,848	\$ 264,862	
Accrued payroll and related expenditures	-	-	-	956	-	956	-	-	10,343	12,255	
Interfund payable	-	-	-	189	-	189	-	3,725	3,725	7,828	
Unearned revenue	-	-	-	-	-	-	2,686	4,844	-	7,530	
Contracts and retainage payable	-	-	-	-	-	-	-	51,775	-	51,775	
<b>Total liabilities</b>	<u>6,500</u>	<u>37,766</u>	<u>120,718</u>	<u>23,225</u>	<u>8,250</u>	<u>1,145</u>	<u>3,499</u>	<u>120,231</u>	<u>22,916</u>	<u>344,250</u>	
<b>Fund Balances:</b>											
Non-spendable:											
Prepaids	-	-	-	-	-	-	-	-	97	97	
Restricted for:											
Law enforcement	116,319	-	-	-	-	-	-	-	-	116,319	
Natural resources	-	1,947,825	-	-	-	-	-	-	-	1,947,825	
Housing initiatives and urban redevelopment	-	-	619,690	4,322,601	-	2,750,745	-	-	-	7,693,036	
Transportation	-	-	-	-	2,288,242	-	-	952,421	-	3,240,663	
Committed to:											
Art in public places	-	-	-	-	-	-	102,274	-	-	102,274	
Truman Waterfront	-	-	-	-	-	-	-	-	60,127	60,127	
<b>Total fund balances</b>	<u>116,319</u>	<u>1,947,825</u>	<u>619,690</u>	<u>4,322,601</u>	<u>2,288,242</u>	<u>2,750,745</u>	<u>102,274</u>	<u>952,421</u>	<u>60,224</u>	<u>13,160,341</u>	
<b>Total liabilities and fund balances</b>	<u>\$ 122,819</u>	<u>\$ 1,985,591</u>	<u>\$ 740,408</u>	<u>\$ 4,345,826</u>	<u>\$ 2,296,492</u>	<u>\$ 2,751,890</u>	<u>\$ 105,773</u>	<u>\$ 1,072,652</u>	<u>\$ 83,140</u>	<u>\$ 13,504,591</u>	

**City of Key West, Florida  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended September 30, 2021**

	Special Revenue Funds										Total	
	Law Enforcement Trust Fund	Fort Taylor Fund	Affordable Housing Escrow Fund	Bahama Village Fund	Navy Pier Payments Fund	Caroline Street Fund	Community Fund	Transportation Alternative Fund	Truman Waterfront Fund			
<b>Revenues:</b>												
Taxes	\$ -	\$ -	\$ -	\$ 598,916	\$ -	\$ 630,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,229,048
Intergovernmental	24,080	1,071,149	64,608	-	-	-	-	171,779	64	-	-	1,331,680
Charges for services	-	-	-	-	-	-	-	752,866	532,251	-	-	1,285,117
Fines and forfeitures	-	-	-	131	-	-	-	-	-	-	-	131
Investment earnings	168	1,288	231	4,858	768	2,774	161	792	25	-	-	11,065
Contributions and other	-	-	850,000	-	-	37,500	-	-	-	-	-	887,500
<b>Total revenues</b>	<b>24,248</b>	<b>1,072,437</b>	<b>914,839</b>	<b>603,905</b>	<b>768</b>	<b>670,406</b>	<b>161</b>	<b>925,437</b>	<b>532,340</b>	<b>-</b>	<b>-</b>	<b>4,744,541</b>
<b>Expenditures:</b>												
Current:												
General government	-	51,637	-	-	-	-	-	-	-	-	-	51,637
Public safety	22,144	-	-	-	-	-	-	-	-	-	-	22,144
Transportation	-	-	-	-	669,689	-	-	249,919	-	-	-	919,608
Economic environment	-	-	287,150	87,005	-	42,597	20,346	-	-	-	-	437,098
Culture and recreation	-	-	-	-	-	-	-	-	-	685,610	-	685,610
Capital outlay	5,572	-	-	12,022	-	32,192	-	70,635	-	-	-	120,421
<b>Total expenditures</b>	<b>27,716</b>	<b>51,637</b>	<b>287,150</b>	<b>99,027</b>	<b>669,689</b>	<b>74,789</b>	<b>20,346</b>	<b>320,554</b>	<b>685,610</b>	<b>-</b>	<b>-</b>	<b>2,236,518</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3,468)</b>	<b>1,020,800</b>	<b>627,689</b>	<b>504,878</b>	<b>(668,921)</b>	<b>595,617</b>	<b>(20,185)</b>	<b>604,883</b>	<b>(153,270)</b>	<b>-</b>	<b>-</b>	<b>2,508,023</b>
<b>Other Financing Sources (Uses):</b>												
Transfers in	-	-	-	484,551	-	509,806	-	3,010	411,456	-	-	1,408,823
Transfers out	(17,553)	(60,307)	(83,862)	(40,347)	-	(19,606)	(13,694)	(42,143)	(163,640)	-	-	(441,152)
<b>Total other financing sources (uses)</b>	<b>(17,553)</b>	<b>(60,307)</b>	<b>(83,862)</b>	<b>444,204</b>	<b>-</b>	<b>490,200</b>	<b>(13,694)</b>	<b>(39,133)</b>	<b>247,816</b>	<b>-</b>	<b>-</b>	<b>967,671</b>
<b>Net change in fund balances</b>	<b>(21,021)</b>	<b>960,493</b>	<b>543,827</b>	<b>949,082</b>	<b>(668,921)</b>	<b>1,085,817</b>	<b>(33,879)</b>	<b>565,750</b>	<b>94,546</b>	<b>-</b>	<b>-</b>	<b>3,475,694</b>
<b>Fund Balances (deficit), October 1</b>	<b>137,340</b>	<b>987,332</b>	<b>75,863</b>	<b>3,373,519</b>	<b>2,957,163</b>	<b>1,664,928</b>	<b>136,153</b>	<b>386,671</b>	<b>(34,322)</b>	<b>-</b>	<b>-</b>	<b>9,684,647</b>
<b>Fund Balances, September 30</b>	<b>\$ 116,319</b>	<b>\$ 1,947,825</b>	<b>\$ 619,690</b>	<b>\$ 4,322,601</b>	<b>\$ 2,288,242</b>	<b>\$ 2,750,745</b>	<b>\$ 102,274</b>	<b>\$ 952,421</b>	<b>\$ 60,224</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,160,341</b>

City of Key West, Florida  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Law Enforcement Trust Fund - Special Revenue Fund  
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 24,080	\$ 24,080
Investment earnings	-	-	168	168
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>24,248</u>	<u>24,248</u>
<b>Expenditures:</b>				
Operating	21,568	30,913	13,644	17,269
Capital outlay	5,000	5,572	5,572	-
Aid to private organizations	5,000	11,500	8,500	3,000
<b>Total expenditures</b>	<u>31,568</u>	<u>47,985</u>	<u>27,716</u>	<u>20,269</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(31,568)</u>	<u>(47,985)</u>	<u>(3,468)</u>	<u>44,517</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(13,553)</u>	<u>(17,553)</u>	<u>(17,553)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(13,553)</u>	<u>(17,553)</u>	<u>(17,553)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (45,121)</u>	<u>\$ (65,538)</u>	<u>(21,021)</u>	<u>\$ 44,517</u>
<b>Fund Balance, October 1</b>			<u>137,340</u>	
<b>Fund Balance, September 30</b>			<u>\$ 116,319</u>	

City of Key West, Florida  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Fort Taylor Fund - Special Revenue Fund  
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 275,000	\$ 275,000	\$ 1,071,149	\$ 796,149
Investment earnings	15,000	15,000	1,288	(13,712)
<b>Total revenues</b>	<u>290,000</u>	<u>290,000</u>	<u>1,072,437</u>	<u>782,437</u>
<b>Expenditures:</b>				
Operating	669	669	51,637	(50,968)
<b>Total expenditures</b>	<u>669</u>	<u>669</u>	<u>51,637</u>	<u>(50,968)</u>
<b>Excess (deficiency) of revenue over expenditures</b>	<u>289,331</u>	<u>289,331</u>	<u>1,020,800</u>	<u>731,469</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(60,307)	(60,307)	(60,307)	-
<b>Total other financing sources (uses)</b>	<u>(60,307)</u>	<u>(60,307)</u>	<u>(60,307)</u>	<u>-</u>
<b>Net change in fund balance</b>	\$ <u>229,024</u>	\$ <u>229,024</u>	960,493	\$ <u>731,469</u>
<b>Fund Balance, October 1</b>			<u>987,332</u>	
<b>Fund Balance, September 30</b>			\$ <u>1,947,825</u>	

City of Key West, Florida  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Affordable Housing Escrow Fund - Special Revenue Fund  
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 64,608	\$ 64,608	\$ -
Investment earnings	-	-	231	231
Contributions and other	-	-	850,000	850,000
<b>Total revenues</b>	<b>-</b>	<b>64,608</b>	<b>914,839</b>	<b>850,231</b>
<b>Expenditures:</b>				
Operating	368	287,616	287,150	466
<b>Total expenditures</b>	<b>368</b>	<b>287,616</b>	<b>287,150</b>	<b>466</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(368)</b>	<b>(223,008)</b>	<b>627,689</b>	<b>850,697</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(83,862)	(83,862)	(83,862)	-
<b>Total other financing sources (uses)</b>	<b>(83,862)</b>	<b>(83,862)</b>	<b>(83,862)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (84,230)</b>	<b>\$ (306,870)</b>	<b>543,827</b>	<b>\$ 850,697</b>
<b>Fund Balance, October 1</b>			<b>75,863</b>	
<b>Fund Balance, September 30</b>			<b>\$ 619,690</b>	

City of Key West, Florida  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Bahama Village Fund - Special Revenue Fund  
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 601,240	\$ 598,916	\$ 598,916	\$ -
Investment earnings	70,000	70,000	4,858	(65,142)
Fines and forfeitures	-	-	131	131
<b>Total revenues</b>	<u>671,240</u>	<u>668,916</u>	<u>603,905</u>	<u>(65,011)</u>
<b>Expenditures:</b>				
Personnel services	27,594	27,594	28,590	(996)
Operating	62,650	79,650	58,415	21,235
Capital outlay	<u>1,112,102</u>	<u>1,112,102</u>	<u>12,022</u>	<u>1,100,080</u>
<b>Total expenditures</b>	<u>1,202,346</u>	<u>1,219,346</u>	<u>99,027</u>	<u>1,120,319</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(531,106)</u>	<u>(550,430)</u>	<u>504,878</u>	<u>1,055,308</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	484,551	484,551	484,551	-
Transfers out	<u>(40,347)</u>	<u>(40,347)</u>	<u>(40,347)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>444,204</u>	<u>444,204</u>	<u>444,204</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (86,902)</u>	<u>\$ (106,226)</u>	949,082	<u>\$ 1,055,308</u>
<b>Fund Balance, October 1</b>			<u>3,373,519</u>	
<b>Fund Balance, September 30</b>			<u>\$ 4,322,601</u>	

City of Key West, Florida  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Caroline Street Fund - Special Revenue Fund  
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 632,577	\$ 630,132	\$ 630,132	\$ -
Investment earnings	30,000	30,000	2,774	(27,226)
Contributions and other	-	-	37,500	37,500
<b>Total revenues</b>	<u>662,577</u>	<u>660,132</u>	<u>670,406</u>	<u>10,274</u>
<b>Expenditures:</b>				
Personnel services	27,594	27,594	28,590	(996)
Operating	1,935	6,935	14,007	(7,072)
Capital Outlay	950,000	950,000	32,192	917,808
<b>Total expenditures</b>	<u>979,529</u>	<u>984,529</u>	<u>74,789</u>	<u>909,740</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(316,952)</u>	<u>(324,397)</u>	<u>595,617</u>	<u>920,014</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	509,806	509,806	509,806	-
Transfers out	(19,606)	(19,606)	(19,606)	-
<b>Total other financing sources (uses)</b>	<u>490,200</u>	<u>490,200</u>	<u>490,200</u>	<u>-</u>
<b>Net change in fund balance</b>	\$ <u>173,248</u>	\$ <u>165,803</u>	1,085,817	\$ <u>920,014</u>
<b>Fund Balance, October 1</b>			<u>1,664,928</u>	
<b>Fund Balance, September 30</b>			\$ <u>2,750,745</u>	

City of Key West, Florida  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Community Fund - Special Revenue Fund  
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$ 5,000	\$ 5,000	\$ 161	\$ (4,839)
<b>Total revenues</b>	<u>5,000</u>	<u>5,000</u>	<u>161</u>	<u>(4,839)</u>
<b>Expenditures:</b>				
Operating	<u>1,576</u>	<u>44,056</u>	<u>20,346</u>	<u>23,710</u>
<b>Total expenditures</b>	<u>1,576</u>	<u>44,056</u>	<u>20,346</u>	<u>23,710</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>3,424</u>	<u>(39,056)</u>	<u>(20,185)</u>	<u>18,871</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(13,694)</u>	<u>(13,694)</u>	<u>(13,694)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(13,694)</u>	<u>(13,694)</u>	<u>(13,694)</u>	<u>-</u>
<b>Net change in fund balance</b>	\$ <u>(10,270)</u>	\$ <u>(52,750)</u>	(33,879)	\$ <u>18,871</u>
<b>Fund Balance, October 1</b>			<u>136,153</u>	
<b>Fund Balance, September 30</b>			\$ <u>102,274</u>	



City of Key West, Florida  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Transportation Alternative Fund - Special Revenue Fund  
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 514,844	\$ 514,844	\$ 171,779	\$ (343,065)
Charges for services	584,652	584,652	752,866	168,214
Investment earnings	15,000	15,000	792	(14,208)
Contributions and other	650	650	-	(650)
<b>Total revenues</b>	<u>1,115,146</u>	<u>1,115,146</u>	<u>925,437</u>	<u>(189,709)</u>
<b>Expenditures:</b>				
Personnel services	89,143	89,143	85,576	3,567
Operating	281,610	326,080	164,343	161,737
Capital Outlay	740,000	793,655	70,635	723,020
<b>Total expenditures</b>	<u>1,110,753</u>	<u>1,208,878</u>	<u>320,554</u>	<u>888,324</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>4,393</u>	<u>(93,732)</u>	<u>604,883</u>	<u>698,615</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,010	3,010	3,010	-
Transfers out	(38,738)	(38,738)	(42,143)	(3,405)
<b>Total other financing sources (uses)</b>	<u>(35,728)</u>	<u>(35,728)</u>	<u>(39,133)</u>	<u>(3,405)</u>
<b>Net change in fund balance</b>	\$ <u>(31,335)</u>	\$ <u>(129,460)</u>	565,750	\$ <u>695,210</u>
<b>Fund Balance, October 1</b>			<u>386,671</u>	
<b>Fund Balance, September 30</b>			\$ <u><u>952,421</u></u>	

City of Key West, Florida  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Truman Waterfront Fund - Special Revenue Fund  
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 417,362	\$ 417,362	\$ 532,251	\$ 114,889
Intergovernmental	-	64	64	-
Investment earnings	-	-	25	25
Contributions and other	2,100	2,100	-	(2,100)
<b>Total revenues</b>	<u>419,462</u>	<u>419,526</u>	<u>532,340</u>	<u>112,814</u>
<b>Expenditures:</b>				
Personnel services	314,783	314,783	333,673	(18,890)
Operating	376,768	376,768	351,937	24,831
<b>Total expenditures</b>	<u>691,551</u>	<u>691,551</u>	<u>685,610</u>	<u>5,941</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(272,089)</u>	<u>(272,025)</u>	<u>(153,270)</u>	<u>118,755</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	411,456	411,456	411,456	-
Transfers out	(163,640)	(163,640)	(163,640)	-
<b>Total other financing sources (uses)</b>	<u>247,816</u>	<u>247,816</u>	<u>247,816</u>	<u>-</u>
<b>Net change in fund balance</b>	\$ <u>(24,273)</u>	\$ <u>(24,209)</u>	94,546	\$ <u>118,755</u>
<b>Fund Balance (deficit), October 1</b>			<u>(34,322)</u>	
<b>Fund Balance, September 30</b>			\$ <u>60,224</u>	

City of Key West, Florida  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Infrastructure Surtax Fund - Capital Projects Fund  
For the Year Ended September 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 7,796,759	\$ 7,796,759	\$ 11,434,500	\$ 3,637,741
Intergovernmental	686,835	686,835	186,195	(500,640)
Investment earnings	-	-	5,075	5,075
<b>Total revenues</b>	<u>8,483,594</u>	<u>8,483,594</u>	<u>11,625,770</u>	<u>3,142,176</u>
<b>Expenditures:</b>				
Personnel services	203,930	203,930	209,149	(5,219)
Operating	8,096	8,096	125,973	(117,877)
Capital outlay	<u>6,884,158</u>	<u>7,783,404</u>	<u>5,638,454</u>	<u>2,144,950</u>
<b>Total expenditures</b>	<u>7,096,184</u>	<u>7,995,430</u>	<u>5,973,576</u>	<u>2,021,854</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,387,410</u>	<u>488,164</u>	<u>5,652,194</u>	<u>5,164,030</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(1,394,297)	(1,394,297)	(1,394,297)	-
Proceeds from capital lease	-	308,365	308,365	-
<b>Total other financing sources (uses)</b>	<u>(1,394,297)</u>	<u>(1,085,932)</u>	<u>(1,085,932)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (6,887)</u>	<u>\$ (597,768)</u>	4,566,262	<u>\$ 5,164,030</u>
<b>Fund Balance, October 1</b>			<u>3,863,225</u>	
<b>Fund Balance, September 30</b>			<u>\$ 8,429,487</u>	

**City of Key West, Florida**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**Capital Projects Fund**  
**For the Year Ended September 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 275,000	\$ 275,000	\$ -	\$ (275,000)
Investment earnings	8,000	8,000	549	(7,451)
Contributions and other	650	650	-	(650)
<b>Total revenues</b>	<u>283,650</u>	<u>283,650</u>	<u>549</u>	<u>(283,101)</u>
<b>Expenditures:</b>				
Personnel services	93,039	93,039	95,657	(2,618)
Operating	277	277	10,160	(9,883)
Capital outlay	275,000	275,000	-	275,000
<b>Total expenditures</b>	<u>368,316</u>	<u>368,316</u>	<u>105,817</u>	<u>262,499</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(84,666)</u>	<u>(84,666)</u>	<u>(105,268)</u>	<u>(20,602)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(15,335)</u>	<u>(15,335)</u>	<u>(15,335)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(15,335)</u>	<u>(15,335)</u>	<u>(15,335)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (100,001)</u>	<u>\$ (100,001)</u>	<u>(120,603)</u>	<u>\$ (20,602)</u>
<b>Fund Balance, October 1</b>			<u>479,687</u>	
<b>Fund Balance, September 30</b>			<u>\$ 359,084</u>	

## **FIDUCIARY FUNDS OVERVIEW**

Fiduciary funds are used to account for assets held by the City in a trustee capacity. The City maintains two trust funds:

**Pension Trust Funds** - To account for the accumulation of resources for pension benefit payments to qualified employees. There are two funds for the City's two retirement plans—the Police Officers and Firefighters Retirement Plan and the General Employees Retirement Plan.

City of Key West, Florida  
Combining Statement of Net Position  
Fiduciary Funds  
September 30, 2021

	<b>Pension Trust Funds</b>		
	<b>General Employees</b>	<b>Police and Fire</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,519,570	\$ 4,781,734	\$ 6,301,304
Investments, at fair value:			
Equity securities	45,400,335	86,067,108	131,467,443
Corporate and foreign bonds and bond funds	7,577,154	20,300,557	27,877,711
Fixed income fund	-	7,435,425	7,435,425
Alternative investments	8,096,901	4,310,522	12,407,423
U.S. government securities	3,104,745	16,759,784	19,864,529
Collateralized mortgage obligations	4,651,585	-	4,651,585
Municipal obligations	802,774	-	802,774
Real estate	-	6,400,000	6,400,000
Receivables:			
Interest and dividends	92,767	349,465	442,232
Proceeds from securities sold	-	462,488	462,488
Other	1,491,448	599,411	2,090,859
<b>Total assets</b>	<b><u>72,737,279</u></b>	<b><u>147,466,494</u></b>	<b><u>220,203,773</u></b>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	91,451	108,134	199,585
Payable for securities purchased	389,993	716,283	1,106,276
<b>Total liabilities</b>	<b><u>481,444</u></b>	<b><u>824,417</u></b>	<b><u>1,305,861</u></b>
<b>Net Position:</b>			
Restricted for pension benefits	\$ <u><u>72,255,835</u></u>	\$ <u><u>146,642,077</u></u>	\$ <u><u>218,897,912</u></u>

City of Key West, Florida  
Combining Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended September 30, 2021

	<b>Pension Trust Funds</b>		
	<b>General Employees</b>	<b>Police and Fire</b>	<b>Total</b>
<b>Additions:</b>			
Contributions:			
Employer	\$ 1,191,439	\$ 4,310,507	\$ 5,501,946
Members	799,120	1,300,351	2,099,471
State police and fire	-	599,411	599,411
<b>Total contributions</b>	<b>1,990,559</b>	<b>6,210,269</b>	<b>8,200,828</b>
Investment earnings:			
Net appreciation (depreciation) in fair value of investments	11,277,545	20,966,877	32,244,422
Interest, dividends and other investment income	1,379,791	3,346,567	4,726,358
<b>Total investment earnings</b>	<b>12,657,336</b>	<b>24,313,444</b>	<b>36,970,780</b>
Less: Investment expenses	314,160	670,346	984,506
<b>Net investment earnings</b>	<b>12,343,176</b>	<b>23,643,098</b>	<b>35,986,274</b>
<b>Total additions</b>	<b>14,333,735</b>	<b>29,853,367</b>	<b>44,187,102</b>
<b>Deductions:</b>			
Benefits paid	3,489,494	6,977,052	10,466,546
Administrative expenses	144,762	142,527	287,289
<b>Total deductions</b>	<b>3,634,256</b>	<b>7,119,579</b>	<b>10,753,835</b>
<b>Changes in net position</b>	<b>10,699,479</b>	<b>22,733,788</b>	<b>33,433,267</b>
<b>Net Position, October 1</b>	<b>61,556,356</b>	<b>123,908,289</b>	<b>185,464,645</b>
<b>Net Position, September 30</b>	<b>\$ 72,255,835</b>	<b>\$ 146,642,077</b>	<b>\$ 218,897,912</b>

## **STATISTICAL SECTION**



**Overview**

Statistical information is different from financial statements in that the statistics usually cover more than one fiscal year and may present non-accounting information. The following tables present financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information of the government, as necessary for complete disclosure of the City's financial activity. The information presented in these tables is not required for fair presentation in conformity with generally accepted accounting principles and is therefore not covered by the auditor's opinion.

There have been no special assessments authorized during the last ten fiscal years.

The City's charter does not provide for a General Obligation Legal Debt margin.

**Contents**

Financial Trends: 107-116

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity: 117-120

These schedules contain information to help the reader assess the City's most significant local revenue source - property tax.

Debt Capacity: 121-125

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information: 126-128

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information: 129-131

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.

*Sources of Data:*

- City of Key West Audited Financial Statements (and supporting records) - Finance Department
- City of Key West Building and Zoning Department
- Monroe County Tax Collector
- Monroe County Property Appraiser
- Monroe County School Board
- Key West Chamber of Commerce and Bureau of Labor Statistics, University of Florida
- U.S. Department of Labor and Employment Security, Bureau of Labor

**City of Key West, Florida**  
**Table 1**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**Accrual Basis**  
**(in Thousands)**

	Fiscal Year									
	2012 <sup>1</sup>	2013	2014 <sup>2</sup>	2015	2016	2017 <sup>3</sup>	2018	2019	2020	2021
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 88,024	\$ 98,927	\$ 106,158	\$ 115,897	\$ 134,743	\$ 151,492	\$ 161,190	\$ 169,824	\$ 170,710	\$ 168,749
Restricted	41,328	39,406	34,704	31,633	22,445	19,429	18,698	16,441	19,041	26,329
Unrestricted	16,414	25,586	22,296	27,530	22,907	10,224	3,070	5,220	1,204	4,073
Total governmental activities net position	\$ 145,766	\$ 163,919	\$ 163,158	\$ 175,060	\$ 180,095	\$ 181,145	\$ 182,958	\$ 191,485	\$ 190,955	\$ 199,151
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 113,118	\$ 115,459	\$ 116,044	\$ 123,627	\$ 129,522	\$ 129,029	\$ 129,933	\$ 131,233	\$ 133,910	\$ 135,385
Restricted	4,362	589	326	349	259	274	289	304	320	341
Unrestricted	25,228	29,476	37,658	40,073	41,043	42,994	45,782	49,407	49,803	53,005
Total business-type activities net position	\$ 142,708	\$ 145,524	\$ 154,028	\$ 164,049	\$ 170,824	\$ 172,297	\$ 176,004	\$ 180,944	\$ 184,033	\$ 188,731
<b>Primary government:</b>										
Net investment in capital assets	\$ 201,142	\$ 214,386	\$ 222,202	\$ 239,524	\$ 264,265	\$ 280,521	\$ 291,123	\$ 301,057	\$ 304,620	\$ 304,134
Restricted	45,690	39,995	35,030	31,982	22,704	19,703	18,987	16,745	19,361	26,670
Unrestricted	41,642	55,062	59,954	67,603	63,950	53,218	48,852	54,627	51,007	57,078
Total primary government net position	\$ 288,474	\$ 309,443	\$ 317,186	\$ 339,109	\$ 350,919	\$ 353,442	\$ 358,962	\$ 372,429	\$ 374,988	\$ 387,882

<sup>1</sup> Fiscal year 2012, total net position has been restated due to the implementation of GASB 65.

<sup>2</sup> Fiscal year 2014, total net position has been restated due to the implementation of GASB 68.

<sup>3</sup> Fiscal year 2017, total net position has been restated due to the implementation of GASB 75.

**City of Key West, Florida**  
**Table 2**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**Accrual Basis**  
**(in Thousands)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 15,520	\$ 16,670	\$ 16,419	\$ 17,011	\$ 18,008	\$ 19,479	\$ 21,829	\$ 19,426	\$ 18,904	\$ 17,698
Public safety	22,859	22,692	24,315	23,748	26,681	29,565	29,894	31,121	31,963	30,860
Transportation	5,339	7,770	4,462	2,765	2,748	3,486	5,762	6,852	6,284	5,801
Economic environment	3,762	1,784	1,633	1,503	861	1,063	1,517	2,228	2,521	2,446
Human services	399	488	468	506	474	459	459	510	634	4,165
Culture and recreation	2,600	2,567	2,456	2,689	2,702	3,827	4,276	4,785	4,514	717
Interest	30	26	22	19	15	11	7	4	12	3
Total governmental activities expenses	50,509	51,997	49,775	48,241	51,489	57,890	63,744	64,926	64,832	61,690
<b>Business type activities:</b>										
Sewer System	10,710	11,404	10,550	10,720	11,017	11,433	10,359	11,023	11,187	10,178
Solid Waste	7,268	8,753	8,042	7,578	8,938	8,074	8,464	8,021	8,136	8,331
Key West Bight	4,588	4,329	4,158	5,082	5,777	5,769	5,805	6,150	5,366	6,170
Stormwater	2,535	2,755	2,223	2,311	2,517	3,196	2,814	2,678	3,052	2,815
Garrison Bight	1,245	1,359	1,351	1,428	1,427	1,445	1,723	1,811	1,996	2,054
Transit System	2,563	2,732	2,935	2,893	3,130	3,737	4,048	4,183	3,889	4,473
Total business-type activities expenses	28,909	31,332	29,259	30,012	32,806	33,654	33,213	33,866	33,626	34,021
Total primary government expenses	\$ 79,418	\$ 83,329	\$ 79,034	\$ 78,253	\$ 84,295	\$ 91,544	\$ 96,957	\$ 98,792	\$ 98,458	\$ 95,711

**City of Key West, Florida**  
**Table 2**  
**Changes in Net Position**  
**(continued)**  
**Last Ten Fiscal Years**  
**Accrual Basis**  
**(in Thousands)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
Fee, fines and charges for services:										
General government	\$ 2,717	\$ 2,721	\$ 3,161	\$ 3,353	\$ 3,447	\$ 3,275	\$ 3,209	\$ 4,032	\$ 2,580	\$ 3,248
Public safety	2,150	2,733	3,296	5,100	4,100	4,407	4,342	5,690	3,796	3,931
Transportation	7,021	6,976	7,267	7,291	7,654	9,242	9,656	12,206	8,303	6,720
Economic environment	26	33	26	26	26	20	20	120	20	57
Culture and recreation	205	344	462	478	467	483	558	757	536	668
Operating grants and contributions	3,971	2,041	2,261	1,577	1,499	2,261	3,746	6,712	4,509	4,426
Capital grants and contributions	3,596	11,150	537	388	359	1,503	3,601	451	1,970	605
Total governmental activities program revenues	19,686	25,998	17,010	18,213	17,552	21,191	25,132	29,968	21,714	19,655
<b>Business type activities:</b>										
Charges for services:										
Sanitary Sewer System	11,640	12,164	11,979	11,933	11,968	11,522	11,381	11,248	11,407	11,853
Solid Waste	9,187	9,503	9,398	9,171	9,547	9,291	9,284	9,359	8,814	9,330
Key West Bight	6,974	7,047	7,465	8,896	9,021	9,621	9,709	11,394	9,027	12,090
Stormwater	2,468	2,613	2,131	2,063	2,084	2,197	2,353	2,403	2,481	2,382
Garrison Bight	1,453	1,507	1,604	1,960	1,978	2,059	1,954	2,293	2,322	2,998
Transit System	1,070	1,039	1,126	1,260	1,341	1,271	1,106	1,334	864	1,154
Operating grants and contributions	1,274	1,124	2,239	1,410	4,338	2,130	2,235	2,295	3,388	2,744
Capital grants and contributions	1,436	2,518	3,213	7,654	2,660	296	2,518	1,325	2,208	2,170
Total business type activities program revenues	35,502	37,515	39,155	44,347	42,937	38,387	40,540	41,651	40,511	44,721
Total primary government program revenues	\$ 55,188	\$ 63,513	\$ 56,165	\$ 62,560	\$ 60,489	\$ 59,578	\$ 65,672	\$ 71,619	\$ 62,225	\$ 64,376

**City of Key West, Florida**  
**Table 2**  
**Changes in Net Position**  
**(continued)**  
**Last Ten Fiscal Years**  
**Accrual Basis**  
**(in Thousands)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Net (expense)/revenue:</b>										
<b>Governmental activities</b>	\$ (30,823)	\$ (25,999)	\$ (32,765)	\$ (30,028)	\$ (33,937)	\$ (36,699)	\$ (38,612)	\$ (34,958)	\$ (43,118)	\$ (42,035)
<b>Business type activities</b>	6,593	6,183	9,896	14,335	10,131	4,733	7,327	7,785	6,885	10,700
	\$ (24,230)	\$ (19,816)	\$ (22,869)	\$ (15,693)	\$ (23,806)	\$ (31,966)	\$ (31,285)	\$ (27,173)	\$ (36,233)	\$ (31,335)
Total primary government net expense										
<b>General revenues and other changes in net position:</b>										
<b>Governmental activities:</b>										
Taxes:										
Property taxes	\$ 14,429	\$ 15,127	\$ 15,059	\$ 15,161	\$ 15,086	\$ 16,329	\$ 16,490	\$ 16,663	\$ 17,418	\$ 17,492
Sales taxes	10,360	10,945	11,824	12,631	12,971	13,286	12,725	14,064	12,242	17,483
Franchise and local business taxes	1,463	1,404	1,448	1,482	1,509	1,533	1,480	1,506	1,498	1,555
Communication taxes	1,610	1,599	1,474	1,462	1,377	1,280	1,294	1,264	1,235	1,209
Cigarette and motor fuel taxes	2,541	2,462	2,695	2,801	2,903	2,968	2,904	2,995	2,800	3,421
Investment earnings	437	197	316	568	478	264	217	792	383	69
Miscellaneous	1,643	8,476	785	2,720	633	722	986	928	1,265	1,991
Transfers	3,726	3,942	2,820	5,105	4,015	4,044	4,329	5,273	5,747	7,011
	36,209	44,152	36,421	41,930	38,972	40,426	40,425	43,485	42,588	50,231
Total governmental activities										
<b>Business type activities:</b>										
Investment earnings	241	165	214	380	382	264	349	1,320	653	106
Transfers	(3,726)	(3,942)	(2,820)	(5,105)	(4,015)	(4,044)	(4,329)	(5,273)	(5,747)	(7,011)
Miscellaneous	254	410	322	411	277	784	360	1,108	1,298	903
	(3,231)	(3,367)	(2,284)	(4,314)	(3,356)	(2,996)	(3,620)	(2,845)	(3,796)	(6,002)
Total business-type activities										
Total primary government	\$ 32,978	\$ 40,785	\$ 34,137	\$ 37,616	\$ 35,616	\$ 37,430	\$ 36,805	\$ 40,640	\$ 38,792	\$ 44,229

**City of Key West, Florida**  
**Table 2**  
**Changes in Net Position**  
**(continued)**  
**Last Ten Fiscal Years**  
**Accrual Basis**  
**(in Thousands)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Changes in net position:										
Governmental activities	\$ 5,386	\$ 18,153	\$ 3,656	\$ 11,902	\$ 5,035	\$ 3,727	\$ 1,813	\$ 8,527	\$ (530)	\$ 8,196
Business type activities	3,362	2,816	7,612	10,021	6,775	1,737	3,707	4,940	3,089	4,698
Total primary government	\$ 8,748	\$ 20,969	\$ 11,268	\$ 21,923	\$ 11,810	\$ 5,464	\$ 5,520	\$ 13,467	\$ 2,559	\$ 12,894

**City of Key West, Florida**  
**Table 3**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**Accrual Basis**  
**(in Thousands)**

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<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Sales Taxes</b>	<b>Franchise and Local Business Taxes</b>	<b>Cigarette and Motor Fuel Taxes</b>	<b>Communication Taxes</b>	<b>Total</b>
2012	\$ 14,429	\$ 10,360	\$ 1,463	\$ 2,541	\$ 1,610	\$ 30,403
2013	\$ 15,127	\$ 10,945	\$ 1,404	\$ 2,462	\$ 1,599	\$ 31,537
2014	\$ 15,059	\$ 11,824	\$ 1,448	\$ 2,695	\$ 1,474	\$ 32,500
2015	\$ 15,161	\$ 12,631	\$ 1,482	\$ 2,801	\$ 1,462	\$ 33,537
2016	\$ 15,086	\$ 12,971	\$ 1,509	\$ 2,903	\$ 1,377	\$ 33,846
2017	\$ 16,329	\$ 13,286	\$ 1,533	\$ 2,968	\$ 1,280	\$ 35,396
2018	\$ 16,490	\$ 12,725	\$ 1,480	\$ 2,904	\$ 1,294	\$ 34,893
2019	\$ 16,663	\$ 14,064	\$ 1,506	\$ 2,995	\$ 1,264	\$ 36,492
2020	\$ 17,418	\$ 12,242	\$ 1,498	\$ 2,800	\$ 1,235	\$ 35,193
2021	\$ 17,492	\$ 17,483	\$ 1,555	\$ 3,421	\$ 1,209	\$ 41,160

City of Key West, Florida  
Table 4  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
Modified Accrual Basis  
(in Thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Fund:</b>										
Nonspendable	\$ 2,075	\$ 1,950	\$ 1,828	\$ 1,702	\$ 1,597	\$ 1,520	\$ 1,445	\$ 1,391	\$ 1,050	\$ 937
Restricted	-	2	3	-	139	376	102	1,416	1,159	319
Committed	148	269	360	2,172	2,207	546	170	175	24	55
Assigned	123	1,051	1,883	1,653	1,189	437	728	429	416	454
Unassigned	10,202	11,296	12,466	14,842	13,904	10,174	3,471	8,514	6,720	10,578
Total general fund	\$ 12,548	\$ 14,568	\$ 16,540	\$ 20,369	\$ 19,036	\$ 13,053	\$ 5,916	\$ 11,925	\$ 9,369	\$ 12,343
<b>All other governmental funds:</b>										
Nonspendable	\$ 162	\$ 280	\$ 191	\$ 172	\$ 186	\$ 164	\$ 591	\$ 1	\$ 186	\$ 9
Restricted	41,166	39,124	34,509	31,632	22,306	19,054	18,596	15,025	17,882	26,010
Committed	-	7,500	7,500	7,733	3,974	1,463	1,145	695	665	628
Unassigned	(431)	(778)	-	-	-	-	-	(115)	(34)	-
Total all other governmental funds	\$ 40,897	\$ 46,126	\$ 42,200	\$ 39,537	\$ 26,466	\$ 20,681	\$ 20,332	\$ 15,606	\$ 18,699	\$ 26,647



**City of Key West, Florida**  
**Table 5**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**Modified Accrual Basis**  
**(in Thousands)**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues:</b>										
Taxes	\$ 24,794	\$ 25,715	\$ 26,303	\$ 26,958	\$ 27,079	\$ 28,429	\$ 28,159	\$ 29,416	\$ 28,562	\$ 32,364
Licenses and permits	2,666	3,186	4,002	4,340	3,604	4,380	3,998	4,828	3,580	3,575
Intergovernmental	14,218	10,221	10,635	8,558	8,264	9,865	13,284	14,463	11,049	14,228
Charges for services	7,414	7,458	7,962	9,486	9,415	10,706	11,430	14,417	9,962	9,112
Fines and forfeitures	717	769	679	820	991	717	719	1,059	697	680
Investment earnings	437	197	317	568	478	265	217	793	383	69
Rental income	1,948	1,952	2,164	2,169	2,259	2,170	2,106	2,537	1,711	1,991
Contributions and other	426	396	227	2,242	242	307	740	626	2,683	1,533
<b>Total revenues</b>	<b>52,620</b>	<b>49,894</b>	<b>52,289</b>	<b>55,141</b>	<b>52,332</b>	<b>56,839</b>	<b>60,653</b>	<b>68,139</b>	<b>58,627</b>	<b>63,552</b>
<b>Expenditures:</b>										
General government	15,285	15,337	15,931	16,382	16,890	17,704	21,207	17,098	16,224	16,030
Public safety	20,560	21,022	21,739	22,917	25,188	27,399	28,163	29,318	29,742	30,321
Transportation	4,903	7,246	3,910	2,266	2,248	2,909	3,896	4,201	3,224	2,897
Economic environment	3,762	1,783	1,633	1,502	861	1,063	1,128	1,873	2,133	2,088
Culture and recreation	2,107	1,951	1,967	2,169	2,231	3,118	3,730	4,152	3,815	3,639
Human services	399	488	468	506	474	459	457	507	628	712
Capital outlay	4,442	6,437	11,597	13,525	23,111	21,104	14,185	14,956	8,159	7,473
Debt service:										
Principal	147	147	147	147	147	147	147	569	414	-
Interest	30	26	22	19	15	11	7	4	12	-
<b>Total expenditures</b>	<b>51,635</b>	<b>54,437</b>	<b>57,414</b>	<b>59,433</b>	<b>71,165</b>	<b>73,914</b>	<b>72,920</b>	<b>72,678</b>	<b>64,351</b>	<b>63,160</b>
Excess (deficiency) of revenues over expenditures	985	(4,543)	(5,125)	(4,292)	(18,833)	(17,075)	(12,267)	(4,539)	(5,724)	392
<b>Other Financing Sources (Uses):</b>										
Transfers in	6,182	16,480	8,870	10,931	9,938	10,913	11,899	14,409	14,837	13,829
Transfers out	(2,142)	(12,229)	(5,719)	(5,501)	(5,513)	(6,458)	(7,168)	(8,620)	(8,611)	(3,607)
Issuance of debt	-	-	-	-	-	840	-	-	-	308
Sale of general capital assets	-	7,541	20	28	4	12	50	33	35	-
<b>Total other financing sources (uses)</b>	<b>4,040</b>	<b>11,792</b>	<b>3,171</b>	<b>5,458</b>	<b>4,429</b>	<b>5,307</b>	<b>4,781</b>	<b>5,822</b>	<b>6,261</b>	<b>10,530</b>
<b>Net change in fund balances</b>	<b>\$ 5,025</b>	<b>\$ 7,249</b>	<b>\$ (1,954)</b>	<b>\$ 1,166</b>	<b>\$ (14,404)</b>	<b>\$ (11,768)</b>	<b>\$ (7,486)</b>	<b>\$ 1,283</b>	<b>\$ 537</b>	<b>\$ 10,922</b>
Ratio of total debt service expenditures to total noncapital expenditures	0.38%	0.36%	0.37%	0.36%	0.34%	0.30%	0.26%	0.99%	0.76%	0.00%

City of Key West, Florida  
 Table 6  
 General Governmental Expenditures (1)  
 Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Transportation	Economic Environment	Culture and Recreation	Other	Total
2012	\$ 14,805,682	\$ 20,536,741	\$ 954,495	\$ 136,300	\$ 2,107,099	\$ 718,504	\$ 39,258,821
2013	\$ 14,716,056	\$ 20,966,990	\$ 757,323	\$ 80,197	\$ 1,951,187	\$ 1,012,947	\$ 39,484,700
2014	\$ 15,365,596	\$ 21,650,994	\$ 913,521	\$ 49,314	\$ 1,961,513	\$ 923,942	\$ 40,864,880
2015	\$ 16,100,897	\$ 22,794,448	\$ 860,416	\$ 49,803	\$ 2,168,744	\$ 1,433,703	\$ 43,408,011
2016	\$ 16,630,840	\$ 25,102,343	\$ 983,115	\$ 55,736	\$ 2,231,442	\$ 955,734	\$ 45,959,210
2017	\$ 17,407,388	\$ 27,387,156	\$ 1,144,716	\$ 337,374	\$ 3,117,581	\$ 987,026	\$ 50,381,241
2018	\$ 20,726,174	\$ 28,135,377	\$ 1,393,122	\$ 187,590	\$ 3,527,067	\$ 1,348,365	\$ 55,317,695
2019	\$ 15,496,901	\$ 29,290,331	\$ 2,076,581	\$ 189,245	\$ 3,104,980	\$ 2,802,860	\$ 52,960,898
2020	\$ 15,584,311	\$ 29,724,926	\$ 1,366,294	\$ 118,464	\$ 3,035,474	\$ 1,429,157	\$ 51,258,626
2021	\$ 15,611,841	\$ 30,269,744	\$ 402,125	\$ 1,042,270	\$ 2,953,319	\$ 960,155	\$ 51,239,454

(1) Expenditures include General Fund only.

City of Key West, Florida  
Table 7  
General Governmental Revenues (1)  
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeitures	Investment Earnings and Other	Total
2012	\$ 15,858,710	\$ 2,666,151	\$ 7,164,507	\$ 6,619,211	\$ 672,932	\$ 2,141,274	\$ 35,122,785
2013	\$ 16,593,485	\$ 3,186,346	\$ 6,932,953	\$ 6,881,080	\$ 707,745	\$ 2,121,688	\$ 36,423,297
2014	\$ 16,399,038	\$ 4,001,655	\$ 7,150,588	\$ 7,354,163	\$ 629,454	\$ 2,383,531	\$ 37,918,429
2015	\$ 16,430,227	\$ 4,228,371	\$ 7,151,115	\$ 9,029,919	\$ 784,890	\$ 4,549,890	\$ 42,174,412
2016	\$ 16,213,304	\$ 3,410,517	\$ 7,392,167	\$ 8,853,780	\$ 818,303	\$ 2,592,414	\$ 39,280,485
2017	\$ 17,320,046	\$ 4,379,978	\$ 7,466,965	\$ 8,824,283	\$ 717,104	\$ 2,385,399	\$ 41,093,775
2018	\$ 17,425,189	\$ 3,997,476	\$ 9,171,289	\$ 8,901,735	\$ 719,179	\$ 2,505,880	\$ 42,720,748
2019	\$ 17,620,536	\$ 4,827,548	\$ 13,302,229	\$ 11,653,525	\$ 1,058,840	\$ 3,181,313	\$ 51,643,991
2020	\$ 17,917,932	\$ 3,580,149	\$ 9,090,043	\$ 8,238,999	\$ 696,652	\$ 2,951,047	\$ 42,474,822
2021	\$ 17,813,272	\$ 3,575,220	\$ 11,691,250	\$ 7,826,389	\$ 679,723	\$ 2,267,052	\$ 43,852,906

(1) Revenues include General Fund only.

**City of Key West, Florida**  
**Table 8**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

---

<b>Fiscal Year</b>	<b>Tax Levy</b>	<b>Collections Current Tax</b>	<b>Percent of Levy</b>	<b>Collections Delinquent Tax</b>	<b>Collections Total Tax</b>	<b>Percent of Levy</b>
2012	\$ 14,224,210	\$ 13,643,432	95.9	\$ 75,797	\$ 13,719,229	96.4
2013	\$ 14,859,861	\$ 13,847,692	93.2	\$ 615,050	\$ 14,462,742	97.3
2014	\$ 14,798,746	\$ 14,316,000	96.7	\$ 45,076	\$ 14,361,076	97.0
2015	\$ 15,690,912	\$ 14,358,235	91.5	\$ 42,056	\$ 14,400,291	91.8
2016	\$ 15,815,079	\$ 14,245,778	90.1	\$ 25,265	\$ 14,271,043	90.2
2017	\$ 15,963,489	\$ 15,429,362	96.7	\$ 28,557	\$ 15,457,919	96.8
2018	\$ 16,074,295	\$ 15,514,225	96.5	\$ 58,100	\$ 15,572,325	96.9
2019	\$ 16,149,217	\$ 15,619,883	96.7	\$ 35,320	\$ 15,655,203	96.9
2020	\$ 16,878,137	\$ 16,223,625	96.1	\$ 16,178	\$ 16,239,803	96.2
2021	\$ 16,946,151	\$ 16,318,810	96.3	\$ 3,933	\$ 16,322,743	96.3

Note: Fiscal year information presented above is for the previous calendar year for the tax levy.  
Source: Monroe County Tax Collector and Finance Department.

**City of Key West, Florida**

**Table 9**

**Assessed and Estimated Value of Taxable Property**

**Last Ten Fiscal Years**

**(In Thousands)**

<b>Fiscal Year</b>	<b>Real Property Assessed Value</b>	<b>Personal Property Assessed Value</b>	<b>Exemptions Allowed for Real/Personal Property</b>	<b>Total Net Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Total Net Estimated True Value</b>	<b>Ratio Net Assessed to True Value</b>
2012	\$ 8,826,945	\$ 360,634	\$ 4,218,770	\$ 4,968,809	2.8627	\$ 4,968,809	1.0
2013	\$ 8,231,175	\$ 323,906	\$ 3,463,472	\$ 5,091,609	2.9185	\$ 5,091,609	1.0
2014	\$ 8,482,416	\$ 323,457	\$ 3,516,073	\$ 5,289,801	2.7976	\$ 5,289,801	1.0
2015	\$ 8,874,783	\$ 300,825	\$ 3,519,798	\$ 5,655,809	2.7743	\$ 5,655,809	1.0
2016	\$ 9,348,014	\$ 298,273	\$ 3,541,965	\$ 6,104,322	2.5908	\$ 6,104,322	1.0
2017	\$ 9,809,365	\$ 289,960	\$ 3,687,255	\$ 6,412,070	2.4896	\$ 6,412,070	1.0
2018	\$ 10,257,622	\$ 274,666	\$ 3,682,252	\$ 6,850,036	2.3466	\$ 6,850,036	1.0
2019	\$ 10,725,041	\$ 282,300	\$ 3,691,397	\$ 7,315,945	2.2074	\$ 7,315,945	1.0
2020	\$ 11,228,364	\$ 354,524	\$ 3,745,350	\$ 7,837,537	2.1535	\$ 7,837,537	1.0
2021	\$ 11,524,581	\$ 357,933	\$ 3,757,981	\$ 8,124,533	2.0858	\$ 8,124,533	1.0

Note: Fiscal year information presented above is for the previous calendar year for the tax levy.  
 Source: Property Appraiser, Monroe County, Florida.

**City of Key West, Florida**  
**Table 10**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Fiscal Year	City of Key West			Overlapping Rates (1)						Total
	Operating Millage	Debt Service Millage	Total Direct Rate	Monroe County	School Board	South Florida Water Management District	Florida Keys Mosquito Control District	Other		
2012	2.8627	-	2.8627	3.3470	3.5650	0.1785	0.4836	0.2578	10.6946	
2013	2.9185	-	2.9185	3.1229	3.6600	0.1757	0.5171	0.2532	10.6474	
2014	2.7976	-	2.7976	3.1380	3.6810	0.1685	0.5069	0.2425	10.5345	
2015	2.7743	-	2.7743	3.1275	3.6260	0.1577	0.4824	0.2265	10.3944	
2016	2.5908	-	2.5908	2.9753	3.5500	0.1459	0.5019	0.2092	9.9731	
2017	2.4896	-	2.4896	2.8297	3.4840	0.1359	0.5831	0.1948	9.7171	
2018	2.3466	-	2.3466	2.6957	3.3560	0.1275	0.4646	0.1825	9.1729	
2019	2.2074	-	2.2074	2.6957	3.3580	0.1209	0.4555	0.1727	9.0102	
2020	2.1535	-	2.1535	2.5881	3.3430	0.1152	0.4508	0.1643	8.8149	
2021	2.0858	-	2.0858	2.5781	3.3520	0.1103	0.4508	0.1572	8.7342	

Note: Fiscal year information presented above is for the previous calendar year for the tax levy.

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

Also Note: Tax rates shown above are per \$ 1,000 of assessed valuation.

Source: Monroe County Tax Collector.

**City of Key West, Florida**  
**Table 11**  
**Principal Taxpayers**  
**Current Year and Nine Years Ago**

Name of Taxpayer	2021				2012			
	Assessed Value	Rank	Percent of Total Assessed Valuation	Name of Taxpayer	Assessed Value	Rank	Percent of Total Assessed Valuation	
Passco Ocean DST	\$ 86,903,302	1	1.07	Galleon Condominium Association Inc.	\$ 61,624,532	1	1.24	
Galleon Condominium Association Inc.	81,149,432	2	1.00	Hyatt Vacation Management	47,756,685	2	0.96	
Casa Marina Equity Holdings LLC	75,302,194	3	0.93	City of Key West	47,029,669	3	0.95	
Parcel G Island Development CO	65,281,966	4	0.80	Windward Point	46,532,794	4	0.94	
Windward Pointe II LLC	59,000,000	5	0.73	SH5, LTD	43,382,715	5	0.87	
Tannex Development, LC	55,066,746	6	0.68	Southernmost Beach LP	32,582,337	6	0.66	
SH5, LTD	55,065,131	7	0.68	Tannex Development Corp.	30,638,726	7	0.62	
Sunset City LLC	53,772,230	8	0.66	JLW Key West 1 LLC	25,952,122	8	0.52	
Ashford Pier House LP	52,568,352	9	0.65	Casa Marina	25,565,874	9	0.51	
SC Key West Owner VII LP	47,782,999	10	0.59	Spottswood Partners II LTD	23,875,401	10	0.48	
Totals	\$ 631,892,352		7.79	Totals	\$ 384,940,855		7.75	

Source: Property Appraiser, Monroe County, Florida.

City of Key West, Florida  
**Table 12**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Note Payable		Capital Lease		Revenue Bonds (1)		Note Payable		Total Outstanding Debt	Percentage of Personal Income (2)	Population (2)	Debt per Capita
	Governmental Activities	Governmental Activities	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Business-type Activities	Business-type Activities				
2012	\$ 1,025,580	\$ -	\$ -	\$ -	\$ 33,767,315	\$ -	\$ 2,971,112	\$ -	\$ 37,764,007	4.32%	24,909	\$ 1,516
2013	\$ 878,521	\$ -	\$ -	\$ -	\$ 30,400,830	\$ -	\$ 2,699,700	\$ -	\$ 33,979,051	3.96%	25,057	\$ 1,356
2014	\$ 731,462	\$ -	\$ -	\$ -	\$ 28,745,557	\$ -	\$ 2,419,340	\$ -	\$ 31,896,359	3.94%	25,550	\$ 1,248
2015	\$ 584,403	\$ -	\$ -	\$ -	\$ 25,759,879	\$ -	\$ 2,129,737	\$ -	\$ 28,474,019	3.51%	25,704	\$ 1,108
2016	\$ 437,344	\$ -	\$ -	\$ -	\$ 22,674,650	\$ -	\$ 1,830,587	\$ -	\$ 24,942,581	2.85%	25,755	\$ 968
2017	\$ 290,285	\$ 840,295	\$ 840,295	\$ 840,295	\$ 19,501,439	\$ -	\$ 1,521,577	\$ -	\$ 22,153,596	2.53%	26,990	\$ 821
2018	\$ 143,226	\$ 840,295	\$ 840,295	\$ 840,295	\$ 16,239,778	\$ -	\$ 1,202,377	\$ -	\$ 18,425,676	2.03%	25,208	\$ 731
2019	\$ -	\$ 414,041	\$ 414,041	\$ 414,041	\$ 14,349,036	\$ -	\$ 872,656	\$ -	\$ 15,635,733	1.52%	24,565	\$ 637
2020	\$ -	\$ -	\$ -	\$ -	\$ 12,407,042	\$ -	\$ 532,061	\$ -	\$ 12,939,103	1.17%	24,868	\$ 520
2021	\$ -	\$ 308,365	\$ 308,365	\$ 308,365	\$ 10,417,240	\$ -	\$ 180,235	\$ -	\$ 10,905,840	0.86%	26,686	\$ 409

(1) Presented net of original issuance discounts and premiums.

(2) Personal income and population is disclosed on Table 17.

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



City of Key West, Florida

Table 13

Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year	Population (1) (a)	Net Assessed Value (2) (000's) (b)	Gross General Obligation Bonded Debt (3) (c)	Debt Service Monies Available (d)	Net General Obligation Bonded Debt (c)-(d)	Ratio of Net General Obligation Bonded Debt to Assessed Value (c-d)/(b)	Net General Obligation Bonded Debt Per Capita (c-d)/(a)
2012	24,909	\$ 4,968,809	-	-	-	-	-
2013	25,057	\$ 5,091,609	-	-	-	-	-
2014	25,550	\$ 5,289,801	-	-	-	-	-
2015	25,704	\$ 5,655,809	-	-	-	-	-
2016	25,755	\$ 6,104,322	-	-	-	-	-
2017	26,990	\$ 6,412,070	-	-	-	-	-
2018	25,208	\$ 6,850,036	-	-	-	-	-
2019	24,565	\$ 7,315,945	-	-	-	-	-
2020	24,868	\$ 7,837,537	-	-	-	-	-
2021	26,686	\$ 8,124,533	-	-	-	-	-

(1) Source: Key West Chamber of Commerce and Bureau of Labor Statistics, University of Florida.

(2) Figures are from Table 9 of this Statistical Section.

(3) Gross bonded debt amount here excludes revenue bonds.

City of Key West, Florida

Table 14

Ratio of Annual Debt Service Expenditures for  
General Obligation Bonded Debt (1)  
to Total Governmental Expenditures  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (2)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
2012	-	-	-	\$ 39,258,821	-
2013	-	-	-	\$ 39,484,700	-
2014	-	-	-	\$ 40,864,880	-
2015	-	-	-	\$ 43,408,011	-
2016	-	-	-	\$ 45,959,210	-
2017	-	-	-	\$ 50,381,241	-
2018	-	-	-	\$ 55,317,695	-
2019	-	-	-	\$ 52,960,898	-
2020	-	-	-	\$ 51,258,626	-
2021	-	-	-	\$ 51,239,454	-

(1) Gross bonded debt service here excludes debt service on revenue bonds.

(2) General expenditures include General Fund only, see Table 6.

**City of Key West, Florida**  
**Table 15**  
**Computation of Direct and Estimated Overlapping**  
**Governmental Activities Debt**  
**September 30, 2021**

	<u>Debt Outstanding</u>	<u>Applicable to City of Key West</u>	
		<u>Percentage</u>	<u>Amount</u>
Direct debt:			
City of Key West (1)	\$ 308,365	100.00%	\$ 308,365
Estimated overlapping debt:			
Monroe County, District School Board (2)	<u>69,475,560</u>	26.93% (3)	<u>18,709,768</u>
Total ad valorem tax supported debt	\$ <u>69,783,925</u>		\$ <u>19,018,133</u>
Ratios:			
Overall debt to 2021 taxable valuation			<u>0.23%</u>
Overall debt per capita			\$ <u>757</u>

- (1) City of Key West direct debt does not include revenue bonds.  
(2) Monroe County School Board debt is as of June 30, 2021, and does not include revenue bonds.  
(3) Overlapping debt percentage was determined by a ratio of the assessed value of property subject to taxation in the City of Key West to the total assessed value of property subject to taxation in the overlapping unit.

City of Key West, Florida  
**Table 16**  
**Revenue Bond Coverage**  
**Sanitary Sewer System Fund**  
**Last Ten Fiscal Years**  
**(In Thousands)**

Fiscal Year	Gross Revenues (1)	Cost of Operation and Maintenance (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2012	\$ 11,684	\$ 5,403	\$ 6,281	\$ 1,060	\$ 1,037	\$ 2,097	3.00
2013	\$ 12,032	\$ 5,648	\$ 6,384	\$ 680	\$ 398	\$ 1,078	5.92
2014	\$ 12,056	\$ 5,763	\$ 6,293	\$ 1,713	\$ 576	\$ 2,289	2.75
2015	\$ 12,076	\$ 5,915	\$ 6,161	\$ 1,762	\$ 533	\$ 2,295	2.68
2016	\$ 11,993	\$ 5,958	\$ 6,035	\$ 1,801	\$ 488	\$ 2,289	2.64
2017	\$ 11,543	\$ 5,812	\$ 5,731	\$ 1,842	\$ 442	\$ 2,284	2.51
2018	\$ 11,371	\$ 5,949	\$ 5,422	\$ 1,891	\$ 396	\$ 2,287	2.37
2019	\$ 11,642	\$ 6,520	\$ 5,122	\$ 1,942	\$ 348	\$ 2,290	2.24
2020	\$ 11,578	\$ 6,844	\$ 4,734	\$ 1,990	\$ 298	\$ 2,288	2.07
2021	\$ 11,881	\$ 6,585	\$ 5,296	\$ 2,046	\$ 248	\$ 2,294	2.31

- (1) Gross revenues exclude impact fees, connection fees and federal and state grants.
- (2) Total operating expenses exclude payments in lieu of taxes, depreciation and amortization, principal, interest expense, and gain (loss) on the disposal of capital assets.
- (3) Debt service shown above includes principal and interest of bonds only due next year (Series 2012 and 2013).

**City of Key West, Florida**  
**Table 17**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

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<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Per Capita Income (1)</b>	<b>Total Personal Income (in thousands) (1)</b>	<b>Median Age (1)</b>	<b>Public School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
2012	24,909	\$ 35,074	\$ 873,658	42	4,023	4.5%
2013	25,057	\$ 34,277	\$ 858,879	42	4,148	3.7%
2014	25,550	\$ 31,700	\$ 809,935	43	3,954	3.9%
2015	25,704	\$ 31,566	\$ 811,372	44	4,583	3.4%
2016	25,755	\$ 34,020	\$ 876,185	42	4,189	3.3%
2017	26,990	\$ 32,428	\$ 875,232	40	4,177	2.8%
2018	25,208	\$ 35,944	\$ 906,076	40	4,256	2.8%
2019	24,565	\$ 41,773	\$ 1,026,154	41	4,297	2.2%
2020	24,868	\$ 44,387	\$ 1,103,816	41	4,086	2.2%
2021	26,686	\$ 47,423	\$ 1,265,530	41	4,318	2.4%

(1) Sources: Key West Chamber of Commerce and Bureau of Labor Statistics, University of Florida.

(2) Source: Monroe County School Board.

(3) Source: U.S. Department of Labor and Employment Security, Bureau of Labor.

**City of Key West, Florida**  
**Table 18**  
**Principal Employers\***  
**Current Year and Nine Years Ago**

	2022		2012	
<b>Employer</b>	<b>Employees</b>	<b>Employers</b>	<b>Employer</b>	<b>Employees</b>
<b>Public Sector:</b>			<b>Public Sector:</b>	
US Armed Forces	2,190		US Armed Forces	2,931
Monroe County Schools	1,701		Monroe County Schools	1,047
Monroe County Sheriff's Office	518		Monroe County Sheriff's Office	592
Monroe County Government	540		Monroe County Government	531
City of Key West	470		City of Key West	448
College of the Florida keys	141		Florida Keys Aqueduct Authority	255
Florida Keys Aqueduct Authority	283		Florida Keys Community College	125
Keys Energy Service	128		Keys Energy Service	136
Florida Keys Electric Cooperative Association	120			
<b>Private Sector:</b>			<b>Private Sector:</b>	
Ocean Reef Club	850		Ocean Reef Club	904
Publix Stores	730		Health Management Associations	688
Lower Keys Medical Center, Key West	500		Publix	430
Ocean Properties	550		Historic Tours of America	300
Casa Marina Resort / Reach Resort	356		Casa Marina Resort/Reach Resort	275
Spottswood Properties	360		Cheeca Lodge	249
Hawk's Cay Resort	350		Spottswood Properties	184
Cheeca Lodge	268		First State Bank of the Keys	180

\* Employer information including percent of total employment was not available. This data is for Monroe County as no information for the City of Key West was available.

City of Key West, Florida  
**Table 19**  
**Property Value and Construction**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands)**

Fiscal Year	Property Value (1)			Construction (2)	
	Real/ Personal Property Assessed Value	Exemptions Allowed for Real/ Personal Property	Total Net Assessed Value	Number of Permits	Value
2012	\$ 9,187,579	\$ 4,218,770	\$ 4,968,809	5,124	\$ 50,543
2013	\$ 8,555,081	\$ 3,463,472	\$ 5,091,609	5,467	\$ 71,443
2014	\$ 8,805,874	\$ 3,516,073	\$ 5,289,801	6,187	\$ 213,520
2015	\$ 9,175,608	\$ 3,519,798	\$ 5,655,809	5,465	\$ 386,381
2016	\$ 9,646,287	\$ 3,541,965	\$ 6,104,322	6,429	\$ 815,196
2017	\$ 10,099,325	\$ 3,687,255	\$ 6,412,070	4,843	\$ 104,204
2018	\$ 10,532,288	\$ 3,682,252	\$ 6,850,036	3,854	\$ 112,065
2019	\$ 11,007,342	\$ 3,691,397	\$ 7,315,945	4,951	\$ 139,079
2020	\$ 11,582,888	\$ 3,745,350	\$ 7,837,537	3,800	\$ 80,134
2021	\$ 11,882,514	\$ 3,757,981	\$ 8,124,533	4,029	\$ 81,092

(1) Figures here are derived from Table 9 of this Statistical Section.

(2) Source: City of Key West Building and Zoning Department.

**City of Key West, Florida**  
**Table 20**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>General government:</b>										
Building permits issued	5,124	5,467	6,187	5,465	6,429	4,843	3,848	4,951	3,800	4,029
Building inspections performed	10,264	9,057	11,812	11,642	11,018	8,910	8,837	9,147	5,537	9,537
Occupational licenses	11,189	8,509	10,087	10,642	9,799	8,604	9,139	9,188	9,666	8,827
<b>Fire:</b>										
Emergency responses	2,274	1,846	1,945	4,818 *	7,194 **	5,877	6,902	7,145	6,029	6,857
Inspections	2,452	2,293	2,310	2,100	2,077	1,700	2,560	3,722	2,298	2,268
<b>Police:</b>										
Physical arrests	2,265	2,010	2,171	2,100	1,753	1,264	1,486	1,722	1,423	1,564
Parking violations	31,172	30,504	27,897	33,261	32,199	31,382	23,940	26,055	16,276	18,422
Traffic violations	3,956	4,065	4,018	3,092	2,529	2,257	3,115	2,865	2,952	1,362
<b>Cemetery:</b>										
Burials	87	93	94	102	117	109	118	91	82	111
<b>Sewer:</b>										
Average daily flow (millions of gallons per day)	4	4	4	4	4	4	4	4	4	4.4
<b>Solid Waste:</b>										
Refuse annually tons	47,055	41,091	44,064	40,563	41,056	41,045	42,766	40,560	40,726	44,375
Recycle annual in tons	3,656	5,406	5,333	5,381	5,371	5,223	5,565	5,477	4,747	4,905
<b>Marinas:</b>										
<b>Key West Bight:</b>										
Diesel gallons pumped	230,161	128,205	128,548	168,924	219,435	206,963	217,097	298,895	217,351	258,439
Gas gallons pumped	116,461	126,381	133,580	150,826	177,291	142,394	189,860	215,375	189,900	233,694
Transient customers	1,520	1,454	1,365	1,394	1,617	1,730	1,021	1,189	798	1,445
<b>Ferry terminal:</b>										
Boat landings	349	358	364	389	482	358	372	362	279	371
Passenger disembarkments	146,362	148,738	166,677	192,073	184,662	186,817	169,728	189,596	125,245	161,197
Diesel gallons pumped	117,055	7,255	7,743	333,545	383,926	347,119	357,052	322,785	253,707	320,577
<b>Garrison Bight:</b>										
Transient customers	369	354	438	674	581	691	296	958	180	414
Mooring field monthly permits	96	103	133	377	515	623	270	917	238	4122
Ramp usage	4,662	4,806	5,893	5,178	4,703	3,927	4,931	4,332	4,363	-
<b>Transportation:</b>										
Cruise ship passengers	832,887	734,349	800,752	745,864	696,224	745,781	865,939	913,323	500,320	-
Sidewalks repaired/replaced	98,590	82,395	20,250	10,000	5,000	6,221	52,380	36,530	89,985	20,583

\*Fire Department started Emergency Medical Services (EMS) services in April 1, 2015.

\*\* First full fiscal year for Fire Department Emergency Medical Services (EMS).



City of Key West, Florida

Table 21

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Fire:</b>										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Engines	7	7	7	6	6	7	8	8	8	8
Aerial	1	1	1	1	1	1	1	1	1	1
Heavy duty rescue	-	-	-	-	-	-	1	1	1	1
Light duty rescue	1	1	1	1	1	1	6	6	6	6
Ambulances	-	-	-	4 *	4	5	5	6	6	6
Fire boat	-	-	-	-	-	-	1	1	1	1
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	115	115	117	118	118	118	119	114	114	114
Parking enforcement units	7	7	6	6	6	6	6	6	7	7
Police boat	-	-	-	-	-	-	1	1	1	1
<b>Parks and Recreation:</b>										
Acreage	69.25	69.25	69.25	69.25	69.25	69.25	105.25+	105.25	105.25	105.25
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	7	7	7	7	7	7	7	7	7	7
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
Basketball courts	5	5	5	5	5	5	5	5	5	5
Pools	1	1	1	1	1	1	1	1	1	1
Splash	-	-	-	-	-	1	2	2	2	2
<b>Sewer:</b>										
Length of system	58	58	60	60	60	60	60	60	60	60
Plant daily capacity (millions of gallons per day)	10	10	10	10	10	10	10	10	10	10
<b>Storm Water:</b>										
Length of system	11	12	12	12	12	12	12	12	12	12
<b>Key West Bight:</b>										
Slips:										
Transient slips	92	92	92	92	92	92	92	95	95	102
Commercial slips	42	42	42	42	42	42	42	42	42	42
Other slips	15	15	15	15	15	15	15	12	12	12
Fuel capacity (gallons):										
Gasoline	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Diesel	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Leasable retail space: (square feet)										
	86,407	94,059	96,384	96,434	101,108	101,108	105,348	108,098	111,632	112,335
<b>Ferry Terminal:</b>										
Commercial slips	4	4	4	4	4	4	4	4	4	4
Diesel capacity (gallons)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<b>Garrison Bight:</b>										
Transient slips available	66	66	42	42	51	51	51	51	51	56
Live aboard/pleasure	148	140	167	167	158	158	146	146	146	146
Commercial/charter	43	37	37	37	37	37	37	37	37	37
Mooring field	149	149	149	149	149	149	149	149	149	149
<b>Transportation:</b>										
Number of buses	16	14	14	17	18	15	21	21	20	24
Cruise ports	3	3	3	3	3	3	3	3	3	3
Ferry terminals	1	1	1	1	1	1	1	1	1	1

\*Fire Department started Emergency Medical Services (EMS) services in April 1, 2015.

+ Reflects Addition of the Truman Waterfront Park

City of Key West, Florida  
Table 22  
Full-Time Equivalent City Employees by Function/Program  
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City Commission	5	5	5	7	8	8	8	8	8	8
City Management	6	6	7	7	7	6	6	6	6	6
Management services and other	79	82	82	91	93	96	94	90	93	85
Recreation	33	31	32	32	32	33	37	38	38	35
Fire	72	72	72	88	72	72	72	72	72	70
Public Works	35	46	49	49	49	53	52	52	52	47
Police protection	123	126	126	126	126	126	129	131	131	122
Building	19	19	21	21	23	24	27	27	28	23
Emergency Medical Services	-	-	-	16	17	17	17	17	17	17
Roads and Sidewalks	4	4	5	5	5	5	5	5	5	5
Sewer	4	4	4	4	2	2	2	2	2	2
Stormwater	1	1	1	1	1	1	1	1	1	1
Solid waste	10	10	10	7	4	4	4	4	4	4
Recreation marinas	29	30	26	28	30	30	32	30	33	32
Transportation	28	28	27	29	29	30	39	37	41	37
Total	448	464	467	511	498	507	525	520	531	494