

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Key West, Florida
Fiscal Year Ended
September 30, 2019



*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, 2019

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

March 30, 2020

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

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Key West, Florida, for the fiscal year ended September 30, 2019, 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 accuracy of the presented data as well as the completeness and fairness of the presentation, including all disclosures, rests with the City based upon a comprehensive framework of internal control that it has established for this purpose. We believe that the data, as presented, is accurate in all material respects, that the data is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

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, 2019.

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 \$ 518,000 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 2018 estimated permanent population was 24,565. 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

Post Hurricane Irma, "guarded optimism," was the financial watchword as we concluded fiscal year 2018 and moved into Fiscal Year 2019. Most local economic trends from the second half of fiscal year 2018 pointed towards a sustained recovery. That optimism was warranted when inspecting critical 2019 economic performance statistics for the Keys community.

Passenger arrivals at Key West International Airport were up 12% over the calendar year 2018. Cruise ship passenger counts are up 12% from the prior year. Four Penny Tourist Development Council (TDC) bed tax, are up by 7.1%. Total taxable sales for Monroe County for 2019 were significantly improved over 2018 with tourism and recreational taxable sales leading the way. Robust City general government revenue numbers all posted gains over the prior fiscal year. State sales tax proceeds, building permit fees, parking revenue numbers and other tourism dependent City revenue streams all validate a strong economic recovery from Hurricane Irma.

The General Fund's unassigned fund balance at fiscal year ending 2019 fell below the minimum level as prescribed in the City's fund balance policy. For the fiscal year ending 2019, the range is approximately \$ 11,100,000 to \$ 13,800,000; therefore, the current unassigned fund balance of \$ 8,514,000 is below the prescribed limits. The City intends to replenish its fund balance from funds pending approval and reimbursement from FEMA and the State of Florida, related to costs incurred due to Hurricane Irma and a pending reimbursement for cost incurred in an amount of \$ 850,000 for a damaged City pier.

At the time of CAFR release the City of Key West is measuring the financial and operational impacts anticipated from the global COVID-19 virus pandemic as well as evaluating budgetary cost saving initiatives to help offset the anticipated drawdown of General Fund unassigned fund balance.

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 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, 2019, 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. As we approach the 2021 budget cycle there is a strong desire by the City Commission and the community to accelerate much needed improvements to city streets and rights of way. The traditional, "pay as you go," funding approach has 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. Additionally, add in sea level rise and the need for resiliency planning and it is clear some form of external financing support will be required. With 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

Several significant accomplishments and initiatives, outlined below, were completed and are underway in Key West that will have a positive effect on the City's economic health and quality of life for the residents, businesses, and guests to our island.

A ground-breaking event was held in 2019 for the Garden View Apartments, a \$27M affordable housing project on College Road. In 2020, that project will be handed over to the Key West Housing Authority for the construction and operating phases.

The Glynn Archer Gym project was determined complete in 2019, rounding out development of the City Hall campus. The Police Athletic League (PAL) program has moved in and will be the primary user of the newly renovated facility.

Moving the PAL allowed for ground-breaking on the final portion of the Truman Waterfront Park, Phase 1B, which at \$4.4M will include renovating the current building into a police sub-station, park maintenance storage, public bathrooms and a snack bar for athletic events. Additional improvements include an artificial turf athletic field, dog park, new horse stables and a fruit tree grove.

On the streets and sidewalks, in addition to implementing a Citizen Action Line and adopting a Pavement Management Plan in 2019, the Department completed ADA sidewalks and paving on the length of Southard Street, the City's portion of Whitehead Street, 8th Street, College Road, the Atlantic Avenue bike path, and portions of 11th Street, Truman Avenue, South Street, Olivia Street, and Angela Street. Numerous bus aprons were also completed between Key West and Big Pine Key. Design is either complete or in progress on 2020 streets and ADA sidewalks, including Simonton Street, Greene Street, 20th Street, Front Street, Duval Street, Whitehead Street, Waddell Street, and in conjunction with Monroe County, 1st Street/Bertha Street.

Other projects of note completed in 2019 include the following:

- Aquarium seawall repair
- New Smathers Beach bathroom (east)
- Lighting, bridge and sidewalk repairs to E.B. Knight Pier
- Numerous projects for Naval Air Station Key West
- Renourishment of Smathers, Dog, Simonton and South beaches
- 10th Street walkway and boat ramp
- Grinnell Street Parking Garage elevator rehabilitation
- Citizen building acquisition for community services

Notable projects in various phases of planning and/or construction include:

- Douglass Gym extension/community center
- Smathers Beach bathroom (west)
- Coffee Butler Key West Amphitheater sign
- Keys Overnight Temporary Shelter replacement
- Cable Hut building repairs
- Bahama Village Medical Clinic
- Duval Street Revitalization

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 comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the thirty-fourth 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 comprehensive annual 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 comprehensive annual 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.



Gregory W. Veliz
City Manager



Mark Finigan
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Key West
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

City of Key West, Florida

List of Principal Officials

Elected Officials

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

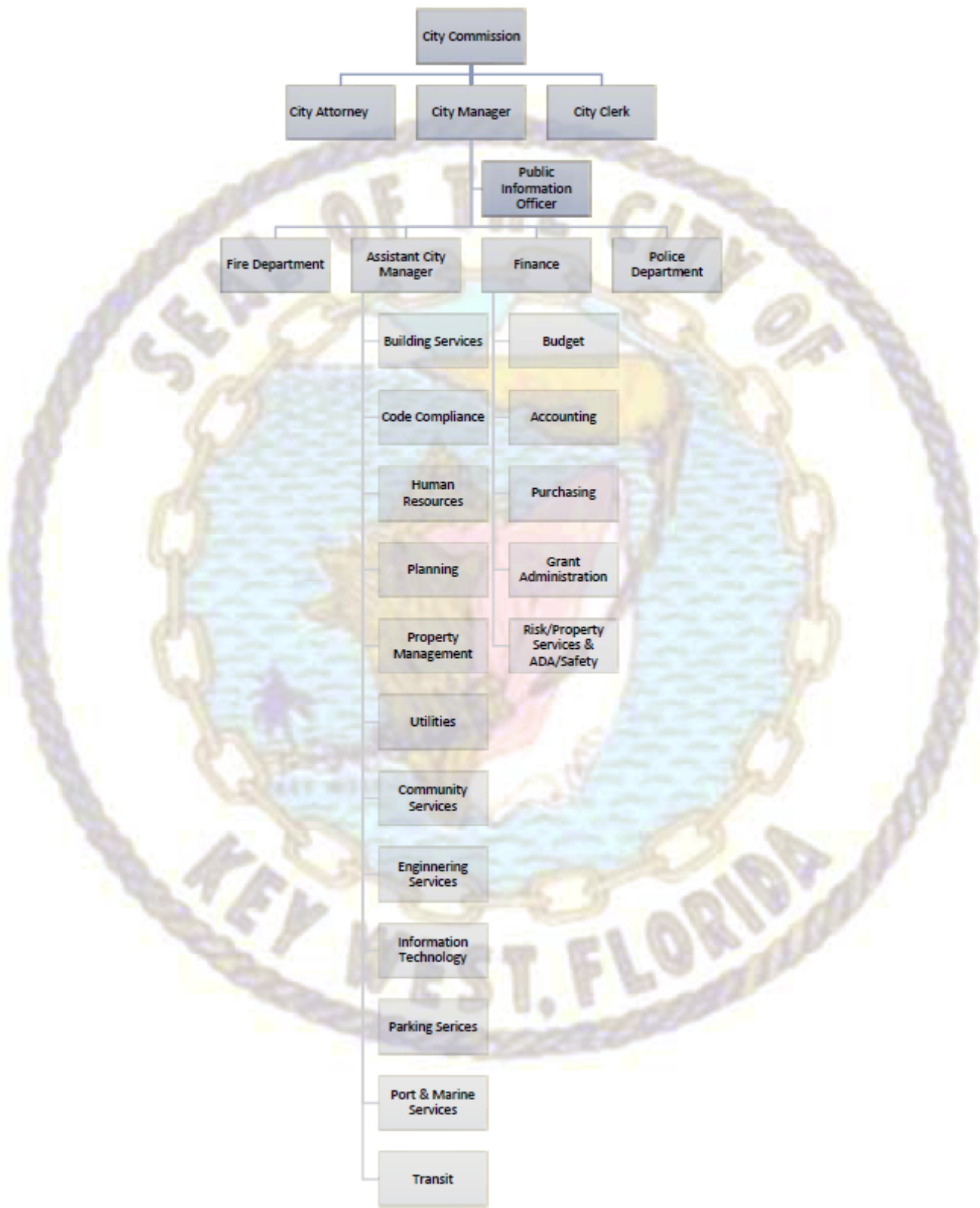
Appointed Officials

City Manager	Gregory W. Veliz
City Clerk	Cheri Smith
City Attorney	Shawn Smith

Department Directors

Assistant City Manager	Patti McLaughlin
Building and Licensing	Terrence Justice
Police Chief	Sean Brandenburg
Community Services	Marcus Davila
Engineering	Steve McAlearney
Finance and Budget	Mark Finigan
Fire Chief	Michael Davila
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 Organization Chart



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

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, 2019, 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 66%, 66%, and 75%, 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. The financial statements of the Pension Trust Fund for Police Officers and Firefighters were not audited in accordance with *Government Auditing Standards*. 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, 2019, 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 – major special revenue funds, 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 81 through 87, 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 March 30, 2020, on our consideration of the City of Key West, Florida'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
March 30, 2020

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, 2019. We are offering this discussion and analysis in order 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 2019 by \$ 372,428,812 (net position), which is an increase of \$ 13,466,742 compared to the prior year. Of this amount, \$ 54,627,225 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 \$ 27,530,144, an increase of \$ 1,282,664 from the prior year. Approximately 31% of this amount (\$ 8,398,801) 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 was \$ 9,118,203, or approximately 17.22% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$ 2,789,943 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 2018-19?" 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 similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account 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 of 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, public works 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 of 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 \$ 358,962,070 to \$ 372,428,812. Governmental activities increased \$ 8,527,287. Most of the increase is the result of capital assets related to the Capital Projects Fund and Infrastructure Surtax Fund. Business type activities increased \$ 4,939,455 of which \$ 1,973,424 was the result of operating grants in the Transit System Fund and \$ 2,525,000 was a transfer from the Caroline Street Community Redevelopment Fund into the Key West Bight Fund to cover a qualifying project.

Total net position is comprised of \$ 301,056,685 net investment in capital assets, \$ 16,744,902 restricted for capital projects, transportation, building, housing initiatives, and other purposes, and \$ 54,627,225 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 19	FY 18	FY 19	FY 18	FY 19	FY 18
Current and other assets	\$ 42,865,397	\$ 41,078,706	\$ 54,594,405	\$ 49,893,922	\$ 97,459,802	\$ 90,972,628
Capital assets	<u>170,237,946</u>	<u>162,173,669</u>	<u>146,309,504</u>	<u>147,190,330</u>	<u>316,547,450</u>	<u>309,363,999</u>
Total assets	<u>213,103,343</u>	<u>203,252,375</u>	<u>200,903,909</u>	<u>197,084,252</u>	<u>414,007,252</u>	<u>400,336,627</u>
Total deferred outflows of resources	<u>15,893,673</u>	<u>17,950,551</u>	<u>681,883</u>	<u>931,736</u>	<u>16,575,556</u>	<u>18,882,287</u>
Current liabilities	4,967,432	4,968,390	3,201,821	2,667,453	8,169,253	7,635,843
Long-term debt and other noncurrent liabilities	<u>26,886,565</u>	<u>28,287,401</u>	<u>16,868,716</u>	<u>18,999,128</u>	<u>43,755,281</u>	<u>47,286,529</u>
Total liabilities	<u>31,853,997</u>	<u>33,255,791</u>	<u>20,070,537</u>	<u>21,666,581</u>	<u>51,924,534</u>	<u>54,922,372</u>
Total deferred inflows of resources	<u>5,657,658</u>	<u>4,989,061</u>	<u>571,804</u>	<u>345,411</u>	<u>6,229,462</u>	<u>5,334,472</u>
Net position:						
Net investment in capital assets	169,823,905	161,190,148	131,232,780	129,933,051	301,056,685	291,123,199
Restricted	16,440,693	18,698,230	304,209	289,030	16,744,902	18,987,260
Unrestricted	<u>5,220,763</u>	<u>3,069,696</u>	<u>49,406,462</u>	<u>45,781,915</u>	<u>54,627,225</u>	<u>48,851,611</u>
Total net position	<u>\$ 191,485,361</u>	<u>\$ 182,958,074</u>	<u>\$ 180,943,451</u>	<u>\$ 176,003,996</u>	<u>\$ 372,428,812</u>	<u>\$ 358,962,070</u>

Governmental Activities – Net Position

The \$ 191,485,361 in net position of the City's governmental activities is comprised of \$ 169,823,905 net investment in capital assets, \$ 16,440,693 in restricted net position and \$ 5,220,763 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.

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The invested in capital assets increased from the previous year by \$ 8,633,757. This is primarily the result of new additions and disposals netted against current year depreciation of \$ 6,363,651 and debt service.

Restricted net position of \$ 16,440,693 is restricted to comply with the requirements of the special revenue funds or other legal requirements. This was a decrease of \$ 2,257,537 from the previous year. The decrease can be attributed mainly to ongoing capital projects in the Infrastructure Surtax Fund, steady debt service payments and a transfer out from the Caroline Street Fund to support a qualifying TIF project.

Unrestricted net position increased by \$ 2,151,067 compared to the prior fiscal year. The increase can be attributed to the ongoing investment in capital assets and Hurricane Irma FEMA and State reimbursements.

Business-Type Activities – Net Position

The \$ 180,943,451 in net position of the City's business type activities is comprised of \$ 131,232,780 net investment in capital assets, \$ 304,209 in restricted net position and \$ 49,406,462 in unrestricted net position. This is an increase of 2.8% in net position.

The net investment in capital assets increased from the previous year by \$ 1,299,729. This is primarily the result of new additions and disposals netted against current year depreciation of \$ 8,189,690 and repayment of debt. Restricted net position of \$ 304,209 is restricted to comply with the requirements of the sewer bond issues. Unrestricted net position increased \$ 3,624,547. The increase in unrestricted net position was mainly a result of the transfer from the Caroline Street Fund into the Key West Bight Fund. There were also other positive changes in the proprietary funds overall.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 19	FY 18	FY 19	FY 18	FY 19	FY 18
Revenues:						
Program Revenues:						
Charges for services	\$ 22,804,196	\$ 17,784,210	\$ 38,031,092	\$ 35,786,374	\$ 60,835,288	\$ 53,570,584
Operating grants and contributions	6,712,323	3,746,063	2,295,202	2,235,449	9,007,525	5,981,512
Capital grants and contributions	450,819	3,601,336	1,325,033	2,518,416	1,775,852	6,119,752
General Revenues:						
Taxes: property and other	36,492,309	34,893,183	-	-	36,492,309	34,893,183
Intergovernmental	174,103	164,855	-	-	174,103	164,855
Investment earnings	792,318	217,471	1,319,860	348,711	2,112,178	566,182
Other revenues	754,007	821,463	1,107,952	359,949	1,861,959	1,181,412
Total revenues	<u>68,180,075</u>	<u>61,228,581</u>	<u>44,079,139</u>	<u>41,248,899</u>	<u>112,259,214</u>	<u>102,477,480</u>

Table 2
Changes in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 19	FY 18	FY 19	FY 18	FY 19	FY 18
Program Expenses:						
General government	19,429,972	21,836,145	-	-	19,429,972	21,836,145
Public safety	31,120,548	29,894,212	-	-	31,120,548	29,894,212
Transportation	6,852,069	5,761,811	-	-	6,852,069	5,761,811
Economic environment	2,228,372	1,516,965	-	-	2,228,372	1,516,965
Culture and recreation	4,784,837	4,276,289	-	-	4,784,837	4,276,289
Human services	510,202	458,817	-	-	510,202	458,817
Sanitary Sewer System	-	-	11,022,886	10,358,804	11,022,886	10,358,804
Solid Waste	-	-	8,021,401	8,464,101	8,021,401	8,464,101
Stormwater	-	-	2,677,573	2,813,700	2,677,573	2,813,700
Marinas (Key West and Garrison Bight)	-	-	7,961,476	7,528,667	7,961,476	7,528,667
Transit	-	-	4,183,136	4,048,062	4,183,136	4,048,062
Total expenses	64,926,000	63,744,239	33,866,472	33,213,334	98,792,472	96,957,573
Excess before transfers	3,254,075	(2,515,658)	10,212,667	8,035,565	13,466,742	5,519,907
Transfers (net)	5,273,212	4,328,731	(5,273,212)	(4,328,731)	-	-
Changes in net position	\$ 8,527,287	\$ 1,813,073	\$ 4,939,455	\$ 3,706,834	\$ 13,466,742	\$ 5,519,907
Net Position, October 1	182,958,074	181,145,001	176,003,996	172,297,162	358,962,070	353,442,163
Net Position, September 30	191,485,361	182,958,074	180,943,451	176,003,996	372,428,812	358,962,070

The City's total revenues reported are \$ 112,259,214, which in part represents \$ 60,835,288 in charges for services and \$ 36,492,309 in property and other taxes. Total expenses of \$ 98,792,472 are reported. As shown above, revenues have increased and expenses have increased for the year. Most of the increase in revenues can be attributed to charges for service as a result of better collections and some rate increases. Transfers also increased significantly over the prior year. Ongoing work related to Hurricane Irma and day-to-day operation cost increased slightly as well.

Governmental Activities – Changes in Net Position

Total revenues for the City's governmental activities of \$ 68,180,075 include \$ 22,804,196 in fees, fines and charges for services, as well as, \$ 36,492,309 in property, state shared and local taxes.

For the year, the City's governmental revenues increased \$ 6,951,494 or a 11.4% increase. The items mainly affecting the increase belong to the General Fund; approximately \$ 4.4 million received in reimbursements from FEMA for Hurricane Irma cost and close to an additional \$ 1 million in cruise ship revenues bolstered the charges for services.

The cost of all governmental activities this year was \$ 64,926,000. 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 \$ 16,663,367. This is because \$ 22,804,196 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 \$ 7,163,142. 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 19	FY 18	FY 19	FY 18
General government	\$ 19,429,972	\$ 21,836,145	\$ (11,016,334)	\$ (17,548,615)
Public safety	31,120,548	29,894,212	(25,071,943)	(25,405,336)
Culture and recreation	4,784,837	4,276,289	(2,477,779)	(492,650)
Transportation	6,852,069	5,761,811	5,521,591	4,886,964
Economic environment	2,228,372	1,516,965	(1,403,995)	405,824
All others	510,202	458,817	(510,202)	(458,817)
Totals	\$ 64,926,000	\$ 63,744,239	\$ (34,958,662)	\$ (38,612,630)

Business-Type Activities – Changes in Net Position

Revenues of the City's business-type activities (see Table 2) increased by 6.9% (\$ 41,248,899 in 2018 compared to \$ 44,079,139 in 2019). An increase in investment earnings across all funds contributed to the increase. The Key West Bight fund also had a significant increase in its Charges for Services. Most of that increase can be attributed to the Upland leases, which had rate increases as well as rent paid based on sales. This is a trend that would indicate a post Hurricane Irma economy recovery.

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: The focus of the City’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. Specifically, unrestricted fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. As of September 30, 2019, the City's governmental funds reported combined fund balances of \$ 27,530,144, which is an increase of \$ 1,282,664 in comparison with the prior fiscal year. Again, the FEMA grant income to reimburse the City for prior year cost was the main contributor to the increase.

The General Fund is the chief operating fund of the City. As of September 30, 2019, the unassigned fund balance account in the General Fund was \$ 8,514,233, an increase of \$ 5,043,159 from the previous year. This unassigned fund balance amount represents 16.5% of the 2020 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.

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Total General Fund expenditures decreased by \$ 2,356,797 or 4.3%. This decrease, from the prior year, is mainly due to prior year expenditures related to the Hurricane Irma response. Revenues in the General Fund, including the sale of general capital assets, increased by \$ 8,924,781 or 20.9%. This increase, as discussed earlier, is also due to Hurricane Irma, as the City received over \$ 4.4 million from the Federal Emergency Management Agency (FEMA). There were also increases in Charges for Services and Investment Earnings.

The Community Development Office Fund variances from the prior year saw revenues decreased by \$ 20,160 and expenditures decreased by \$ 108,407. The changes are related to the decrease in programs initiated during the fiscal year.

The Gas Tax Fund’s revenues increased by \$ 295,515 and expenditures increased by \$ 571,134. The revenue increase is a result of more state fuel tax collection during fiscal year 2019, greater investment returns and the recognition of unearned revenue from impact fees. The increase in expenditures is a result of street and sidewalk infrastructure projects that had been delayed in the prior year due to Hurricane Irma.

Total Infrastructure Surtax Fund revenues decreased by \$ 2,594,119 compared to the prior year. While discretionary sales surtax proceeds were up from the prior year, revenues decreased due to a large prior year grant. The grant from the Local Tourist Development Commission (TDC) was to reimburse the City for two large projects. Total expenditures increased by \$ 77,995. The fund received a one-time grant and aid expenditure this year. There was \$ 90,000 given to the Southernmost Hockey League for them to repair the skate rink.

The Capital Projects Fund had a decrease in fund balance of \$ 1,612. Since the completion of the City Hall project and a few other projects, there has not been much activity in the Capital Projects Fund.

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 19	FY 18
Sanitary Sewer System	\$ 17,492,182	\$ 17,332,836
Solid Waste	10,123,269	9,867,334
Stormwater	2,436,751	822,170
Key West Bight	18,865,325	16,631,067
Garrison Bight	199,846	1,013,356
Transit System	289,089	115,152
	<u>\$ 49,406,462</u>	<u>\$ 45,781,915</u>

The Sanitary Sewer System Fund unrestricted net position increased by \$ 159,346. Much of the increase in unrestricted net position was the result of an increase in investment earnings. Net investment in capital assets increase is the result of additions being greater than the depreciation expense for the year and repayment of debt.

The Solid Waste Fund net position decreased by \$ 169,431 compared to the prior year. There was an increase in unrestricted net position of \$ 255,935 mainly from the increase in investment earnings. The net investment in capital assets reduction of \$ 425,366 is the result of no capital additions to offset depreciation expense.

The Stormwater Fund unrestricted net position increased by \$ 1,614,581. The unrestricted net position increase of was the result of a decrease in net investment in capital assets and an increase in investment earnings. Net investment in capital assets decreased \$ 1,256,262. Capital additions were significantly less than the depreciation expense for the year.

The Key West Bight Fund had an increase in unrestricted net position of \$ 2,234,258 and an increase in overall net position of \$ 3,625,444. The change in unrestricted net position was the result of an increase in revenue and no longer making debt service payments. The 2009 Marina Refunding Note matured in the prior fiscal year.

The Garrison Bight Fund unrestricted net position decreased \$ 813,510. The change is due to the increase in net investment in capital assets. The Dockmaster Building, Transient Restrooms and Dolphin Pier Replacement were very large projects that were completed in fiscal year 2019.

The Transit System Fund net position decreased by \$ 539,938 compared to the prior year. This decrease is mainly attributable to a decrease in capital grants. Net investment in capital assets decreased because additions were significantly less than the depreciation expense for the year.

Fiscal Year 2018-19 General Fund Budgetary Highlights

For almost the entire fiscal year 2019, 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 \$ 20,000 were approved by the City Commission. On September 18, 2019, the City's procurement code was amended to raise the City Commission approval threshold for all contracts and purchases from \$ 20,000 to \$ 50,000.

General Fund overall revenues were over budget by \$ 5,319,257. Revenues, by major category, that exceeded budget were \$ 897,708 over in the licenses and permits category, \$ 5,134,144 in intergovernmental income, \$ 242,340 in fines and forfeitures, \$ 238,544 in investment earnings and \$ 179,751 in rental income. Intergovernmental income had a series of unbudgeted reimbursements in the total amount of approximately \$ 4.4 million, representing recovery from FEMA for debris removal and forced account labor associated with Hurricane Irma.

Tax revenues were under budget by \$ 225,413. Charges for services revenues were \$ 666,302 lower than budget mainly due to lower than anticipated parking revenues, though actual parking revenues were higher by 30 percent over 2018. Contributions and other were \$ 481,515 under budget based exclusively on an \$ 850,000 recovery, received in 2020, from a cruise company for significant damage to a City pier that occurred in 2019.

Total General Fund expenditures were lower than the budget by \$ 477,931 primarily due to lapsed salary dollars and slightly lower than anticipated operating costs. Capital outlay expenditures were \$ 490,470 over budget. This negative variance was mainly due to the unbudgeted cost associated with Hurricane Irma permanent work.

Capital Assets

At the end of fiscal year 2019, the City had \$ 316,547,450 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 19	FY 18	FY 19	FY 18	FY 19	FY 18
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	77,400	-	-	-	77,400	-
Construction in progress	1,886,816	42,520,047	4,549,571	6,360,081	6,436,387	48,880,128
Capital assets, being depreciated:						
Buildings and improvements	52,937,025	28,921,561	57,131,751	52,851,369	110,068,776	81,772,930
Machinery, equipment and furniture	28,294,496	24,800,189	17,142,594	16,543,342	45,437,090	41,343,531
Works of art	70,520	-	-	-	70,520	-
Infrastructure	89,128,799	64,843,068	179,392,914	175,906,354	268,521,713	240,749,422
Depreciation	<u>(58,844,906)</u>	<u>(55,598,992)</u>	<u>(130,588,360)</u>	<u>(123,151,850)</u>	<u>(189,433,266)</u>	<u>(178,750,842)</u>
Totals	\$ <u>170,237,946</u>	\$ <u>162,173,669</u>	\$ <u>146,309,504</u>	\$ <u>147,190,330</u>	\$ <u>316,547,450</u>	\$ <u>309,363,999</u>

This year's major additions included:

In the governmental funds, most notable was \$ 24 million in building additions. The City recognized the awaited new City Hall with a cost of \$19 million in building construction cost. The new City Hall also added an approximately \$ 1.3 million in equipment and improvements. There was also a new building purchased to house the Community Services department in the amount of \$ 521,790.

Major governmental infrastructure additions were the Truman Waterfront Park 1A project in the amount of \$18,029,958. There was also approximately \$ 1.7 million in street and sidewalk additions and various ongoing construction projects were completed in fiscal year 2019.

Machinery and equipment increased by \$ 3,494,307. Along with the new city hall additions, public safety vehicles and equipment accounted for approximately \$ 2.9 million of that amount. The remainder was spread among the other funds and city departments.

In the Business-Type Activities:

- The Sanitary Sewer Fund completed the \$ 787,000 project associated with Truman Waterfront 1A. There was also the purchase of a vactor truck in the amount of \$ 386,000 and a major rehab to the system generator for \$ 323,000.
- The Key West Bight Fund completed two several improvement projects. The most significant is the Key West Bight Ferry Terminal pier extensions in the amount of \$ 1.4 million.
- The Transit Fund added machinery and equipment totaling over \$ 278,000 for a new elevator at the Old Town Parking Garage.

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 \$ 15,635,733 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 19	FY 18	FY 19	FY 18	FY 19	FY 18
Promissory notes	\$ -	\$ 143,226	\$ 872,656	\$ 1,202,377	\$ 872,656	\$ 1,345,603
Capital lease	414,041	840,295	-	-	414,041	840,295
Revenue bonds and notes	-	-	14,349,036	16,239,778	14,349,036	16,239,778
Totals	\$ 414,041	\$ 983,521	\$ 15,221,692	\$ 17,442,155	\$ 15,635,733	\$ 18,425,676

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

If there is such an idiom as "hitting your financial stride", that is exactly what the Florida Keys economic tourism engine did in fiscal year 2019. City tourism dependent revenue streams all signaled a robust year. Parking fares, airport arrivals, sales tax proceeds, marina transient dockage revenue and building permit fees all reflected a healthy economy. Hurricane Irma FEMA reimbursements for permanent work continued while the City was reimbursed close to 100 percent for debris removal and labor expended during recovery. In short, the City of Key West is back, rebounding from the economic impacts of Hurricane Irma.

With an improving economic outlook, the development of the fiscal year 2020 budget started. Strengthening operating reserves and allocating more dollars towards street and sidewalk improvements was the consistent and constant message from City leadership. When adopted, the fiscal year 2020 operating budget successfully addressed those two primary City Commission objectives. General Fund operating reserves moving into 2020 were estimated at 80 operating days, much improved from the prior year when General Fund reserves were well below the City's fund balance policy of 72 days. Further emphasizing the Commission's commitment to strengthening reserve days was the adoption of a 2020 budget which would generate two additional days. With 92 operating days as the maximum number of reserve days set by the fund balance policy the City is slowly, but with commitment, working its way back to the pre-Hurricane Irma maximum position. Final fiscal year 2020 appropriated dollars for street and sidewalk repairs topped \$4M, almost three times the amount historically allocated to improving the City's roadways and rights of way.

The fiscal year 2020 General Fund budget is \$ 69.1 million, which is approximately a \$ 5.1 million increase from the original adopted fiscal year 2019 budget of \$ 64.0 million. Several new parking related initiatives as well increases to existing parking, building, fire and licensing fees as well as a small increase over the ad valorem rollback millage rate all helped support several new personnel positions, personnel cost of living increases, as well fulfilling the Commission's goal of improving reserve days and repairs to the City's streets and sidewalks.

The City's fiscal year 2020 City wide adopted budget is \$ 186.7 million, which is approximately a \$ 2 million increase (or 1.0%) from the original adopted fiscal year 2019 budget of \$ 184.8 million. Charges for services for the City's three utilities were all increased for fiscal year 2020. Specifically, wastewater, stormwater and solid waste were increased 3.5%, 3.0% and 1.6, respectively. Most upland tenant leases have built-in fixed increases and all other marina fees were left unchanged for fiscal year 2020.

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 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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash, cash equivalents, and investments	\$ 31,718,011	\$ 47,880,497	\$ 79,598,508	\$ 8,448,036
Cash, cash equivalents, and investments (restricted)	-	906,369	906,369	608,907
Accounts receivable (net of allowances)	3,050,438	2,037,122	5,087,560	46,208
Intergovernmental receivables	2,872,125	2,364,683	5,236,808	338,347
Inventories	54,066	638,444	692,510	107,192
Prepaid items and other assets	305,358	45,554	350,912	596,823
Internal balances	1,488,612	(1,488,612)	-	-
Capital assets, not being depreciated:				
Land	56,687,796	18,681,034	75,368,830	11,523,552
Works of art	77,400	-	77,400	-
Construction in progress	1,886,816	4,549,571	6,436,387	-
Capital assets, being depreciated:				
Buildings and improvements	52,937,025	57,131,751	110,068,776	86,532,373
Machinery, equipment and furniture	28,294,496	17,142,594	45,437,090	2,165,527
Works of art	70,520	-	70,520	-
Infrastructure	89,128,799	179,392,914	268,521,713	1,206,645
Accumulated depreciation	(58,844,906)	(130,588,360)	(189,433,266)	(34,729,652)
Other, including loans, mortgages, and other notes receivable	1,698,002	1,574,674	3,272,676	-
Net pension asset	1,678,785	635,674	2,314,459	-
Total assets	213,103,343	200,903,909	414,007,252	76,843,958
Deferred Outflows of Resources:				
Deferred outflows relating to pensions	15,855,216	534,021	16,389,237	1,693,404
Deferred outflows relating to other post employment benefits (OPEB)	38,457	2,894	41,351	41,360
Deferred charge on refunding	-	144,968	144,968	-
Total deferred outflows of resources	15,893,673	681,883	16,575,556	1,734,764
Total assets and deferred outflows of resources	\$ 228,997,016	\$ 201,585,792	\$ 430,582,808	\$ 78,578,722
Liabilities:				
Accounts payable and accrued expenses	\$ 1,795,659	\$ 2,103,834	\$ 3,899,493	\$ 535,421
Accrued payroll and benefits	905,779	93,557	999,336	-
Unearned revenue	2,014,375	680,968	2,695,343	28,396
Intergovernmental	177,833	-	177,833	81,746
Deposits	63,972	-	63,972	439,972
Retainage payable	9,814	133,931	143,745	-
Accrued interest	-	189,531	189,531	-
Noncurrent liabilities:				
Due within one year	4,409,019	2,531,960	6,940,979	1,490,951
Due in more than one year	22,477,546	14,336,756	36,814,302	50,974,532
Total liabilities	31,853,997	20,070,537	51,924,534	53,551,018
Deferred Inflows of Resources:				
Deferred inflows relating to pensions	4,781,256	502,512	5,283,768	540,404
Deferred inflows relating to other post employment benefits (OPEB)	876,402	69,292	945,694	97,152
Total deferred inflows of resources	5,657,658	571,804	6,229,462	637,556
Net Position:				
Net investment in capital assets	169,823,905	131,232,780	301,056,685	17,364,078
Restricted for:				
Infrastructure and capital projects	3,791,900	-	3,791,900	-
Debt service	-	304,209	304,209	-
Transportation	6,617,282	-	6,617,282	-
Building Department	1,415,731	-	1,415,731	-
Natural resources	947,262	-	947,262	-
Housing initiatives and urban redevelopment	3,562,592	-	3,562,592	168,935
Law enforcement	105,926	-	105,926	-
Unrestricted	5,220,763	49,406,462	54,627,225	6,857,135
Total net position	191,485,361	180,943,451	372,428,812	24,390,148
Total liabilities, deferred inflows of resources and net position	\$ 228,997,016	\$ 201,585,792	\$ 430,582,808	\$ 78,578,722

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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Fee, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 19,426,301	\$ 4,031,537	\$ 4,382,101	\$ -	\$ (11,012,663)	\$ -	\$ (11,012,663)	\$ -
Public safety	31,120,548	5,689,522	289,296	69,787	(25,071,943)	-	(25,071,943)	-
Transportation	6,852,069	12,206,326	-	167,334	5,521,591	-	5,521,591	-
Economic environment	2,228,372	120,201	704,176	-	(1,403,995)	-	(1,403,995)	-
Culture and recreation	4,784,837	756,610	1,336,750	213,698	(2,477,779)	-	(2,477,779)	-
Human services	510,202	-	-	-	(510,202)	-	(510,202)	-
Interest and other fiscal charges	3,671	-	-	-	(3,671)	-	(3,671)	-
Total governmental activities	<u>64,926,000</u>	<u>22,804,196</u>	<u>6,712,323</u>	<u>450,819</u>	<u>(34,958,662)</u>	<u>-</u>	<u>(34,958,662)</u>	<u>-</u>
Business-Type Activities:								
Sanitary Sewer System	11,022,886	11,247,777	-	500,000	-	724,891	724,891	-
Solid Waste	8,021,401	9,358,550	-	-	-	1,337,149	1,337,149	-
Key West Bight	6,149,970	11,394,429	-	494,219	-	5,738,678	5,738,678	-
Stormwater	2,677,573	2,402,810	-	-	-	(274,763)	(274,763)	-
Garrison Bight	1,811,506	2,292,954	321,778	-	-	803,226	803,226	-
Transit System	4,183,136	1,334,572	1,973,424	330,814	-	(544,326)	(544,326)	-
Total business-type activities	<u>33,866,472</u>	<u>38,031,092</u>	<u>2,295,202</u>	<u>1,325,033</u>	<u>-</u>	<u>7,784,855</u>	<u>7,784,855</u>	<u>-</u>
Total primary government	<u>\$ 98,792,472</u>	<u>\$ 60,835,288</u>	<u>\$ 9,007,525</u>	<u>\$ 1,775,852</u>	<u>(34,958,662)</u>	<u>7,784,855</u>	<u>(27,173,807)</u>	<u>-</u>
Component Unit:								
The Housing Authority of the City of Key West, Florida	<u>\$ 14,392,254</u>	<u>\$ 8,865,623</u>	<u>\$ 3,736,467</u>	<u>\$ 46,307</u>				<u>(1,743,857)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					16,663,367	-	16,663,367	-
Communications taxes					1,263,555	-	1,263,555	-
Local business tax					1,506,483	-	1,506,483	-
Municipal revenue sharing gas and cigarette tax					1,400,744	-	1,400,744	-
One cent sales tax					9,193,565	-	9,193,565	-
Half cent sales tax					4,870,485	-	4,870,485	-
Local option gas tax					1,594,110	-	1,594,110	-
Intergovernmental income (unrestricted)					174,103	-	174,103	-
Payment in lieu of tax					484,404	-	484,404	-
Investment earnings					792,318	1,319,860	2,112,178	169,871
Insurance proceeds					64,248	-	64,248	-
Other, including sale of capital assets					205,355	1,107,952	1,313,307	750,550
Transfers in (out)					5,273,212	(5,273,212)	-	-
Total general revenues and transfers					<u>43,485,949</u>	<u>(2,845,400)</u>	<u>40,640,549</u>	<u>920,421</u>
Change in net position					8,527,287	4,939,455	13,466,742	(823,436)
Net Position, October 1					<u>182,958,074</u>	<u>176,003,996</u>	<u>358,962,070</u>	<u>25,213,584</u>
Net Position, September 30					<u>\$ 191,485,361</u>	<u>\$ 180,943,451</u>	<u>\$ 372,428,812</u>	<u>\$ 24,390,148</u>

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, 2019

	<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>
Assets:							
Cash, cash equivalents, and investments	\$ 9,611,096	\$ 75,636	\$ 3,384,908	\$ 2,709,676	\$ 583,573	\$ 8,067,635	\$ 24,432,524
Receivables (net of allowance for uncollectibles):							
Accounts	2,211,637	56,399	-	-	-	-	2,268,036
Intergovernmental	1,358,958	14,607	186,689	967,043	-	344,828	2,872,125
Mortgage notes	-	1,698,002	-	-	-	-	1,698,002
Interfund receivables	286,301	-	413,911	847	425	5,095	706,579
Inventories	54,066	-	-	-	-	-	54,066
Advances to other funds	1,102,944	-	-	-	-	-	1,102,944
Prepays	233,794	300	-	-	-	228	234,322
Total assets	<u>\$ 14,858,796</u>	<u>\$ 1,844,944</u>	<u>\$ 3,985,508</u>	<u>\$ 3,677,566</u>	<u>\$ 583,998</u>	<u>\$ 8,417,786</u>	<u>\$ 33,368,598</u>
Liabilities:							
Accounts payable	\$ 724,591	\$ 1,642	\$ 422,624	\$ 178,749	\$ -	\$ 454,034	\$ 1,781,640
Accrued payroll and related expenditures	870,007	-	5,546	4,564	2,093	20,214	902,424
Intergovernmental	149,087	28,746	-	-	-	-	177,833
Interfund payable	-	-	-	-	-	109,000	109,000
Deposits	63,972	-	-	-	-	-	63,972
Unearned revenue	834,648	1,173,217	-	-	-	2,686	2,010,551
Retainage payable	-	-	9,814	-	-	-	9,814
Total liabilities	<u>2,642,305</u>	<u>1,203,605</u>	<u>437,984</u>	<u>183,313</u>	<u>2,093</u>	<u>585,934</u>	<u>5,055,234</u>
Deferred Inflows of Resources:							
Unavailable revenue - grant funding	291,753	-	36,012	284,258	-	171,197	783,220
Total deferred inflows of resources	<u>291,753</u>	<u>-</u>	<u>36,012</u>	<u>284,258</u>	<u>-</u>	<u>171,197</u>	<u>783,220</u>
Fund Balances:							
Nonspendable:							
Inventories	54,066	-	-	-	-	-	54,066
Long-term advances/notes	1,102,944	-	-	-	-	-	1,102,944
Prepays	233,794	300	-	-	-	228	234,322
Restricted for:							
Infrastructure and capital projects	-	-	-	3,209,995	581,905	-	3,791,900
Housing initiatives and urban redevelopment	-	89,764	-	-	-	3,472,828	3,562,592
Law enforcement	-	-	-	-	-	105,926	105,926
Building department	1,415,731	-	-	-	-	-	1,415,731
Transportation	-	-	3,511,512	-	-	3,105,770	6,617,282
Natural resources	-	-	-	-	-	947,262	947,262
Committed to:							
Art in public places	-	-	-	-	-	144,073	144,073
Housing initiatives and urban redevelopment	-	551,275	-	-	-	-	551,275
Culture and recreation	174,838	-	-	-	-	-	174,838
Assigned to:							
Subsequent year's budget	429,132	-	-	-	-	-	429,132
Unassigned (deficit)	8,514,233	-	-	-	-	(115,432)	8,398,801
Total fund balances	<u>11,924,738</u>	<u>641,339</u>	<u>3,511,512</u>	<u>3,209,995</u>	<u>581,905</u>	<u>7,660,655</u>	<u>27,530,144</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,858,796</u>	<u>\$ 1,844,944</u>	<u>\$ 3,985,508</u>	<u>\$ 3,677,566</u>	<u>\$ 583,998</u>	<u>\$ 8,417,786</u>	<u>\$ 33,368,598</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, 2019

Fund Balances - Total Governmental Funds \$ 27,530,144

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. 170,237,946

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. 3,724,987

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

Deferred outflows relating to pensions	\$ 15,855,216	
Deferred outflows relating to other post employment benefits (OPEB)	38,457	
Deferred inflows relating to pensions	(4,781,256)	
Deferred inflows relating to other post employment benefits (OPEB)	<u>(876,402)</u>	10,236,015

Certain revenues are considered deferred inflows of resources in the fund financial statements due to availability of funds; under full accrual accounting they are considered revenues. 783,220

Net pension asset is not an available resource and, therefore, is not reported in the governmental funds. 1,678,785

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	\$ (9,213,643)	
Other post employment benefits (OPEB)	(8,059,655)	
Capital lease	(414,041)	
Compensated absences*	<u>(5,018,397)</u>	<u>(22,705,736)</u>

Net Position of Governmental Activities **\$ 191,485,361**

* 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, 2019

	General Fund	Community Development Office Fund	Gas Tax Fund	Infrastructure Surtax Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 17,620,536	\$ -	\$ 1,594,110	\$ 9,193,565	\$ -	\$ 1,008,164	\$ 29,416,375
Licenses and permits	4,827,548	-	-	-	-	-	4,827,548
Intergovernmental	13,302,229	436,138	15,080	100,506	-	608,787	14,462,740
Charges for services	11,653,525	-	-	-	-	2,763,158	14,416,683
Fines and forfeitures	1,058,840	-	-	-	-	-	1,058,840
Investment earnings	348,544	4,562	91,026	91,921	12,921	243,821	792,795
Rental income	2,537,284	-	-	-	-	-	2,537,284
Contributions and other	295,485	120,450	206,869	-	-	2,822	625,626
Total revenues	51,643,991	561,150	1,907,085	9,385,992	12,921	4,626,752	68,137,891
Expenditures:							
Current:							
General government	15,496,901	-	-	234,487	59,854	1,306,358	17,097,600
Public safety	29,290,331	-	-	-	-	27,606	29,317,937
Transportation	2,076,581	-	1,269,296	-	-	855,219	4,201,096
Economic environment	189,245	543,665	-	90,000	-	1,050,189	1,873,099
Culture and recreation	3,104,980	-	-	348,511	-	699,050	4,152,541
Human services	506,759	-	-	-	-	-	506,759
Capital outlay	2,296,101	-	1,973,632	9,990,095	208,059	488,293	14,956,180
Debt service:							
Principal	-	-	-	426,254	-	143,226	569,480
Interest	-	-	-	-	-	3,671	3,671
Total expenditures	52,960,898	543,665	3,242,928	11,089,347	267,913	4,573,612	72,678,363
Excess (deficiency) of revenues over expenditures	(1,316,907)	17,485	(1,335,843)	(1,703,355)	(254,992)	53,140	(4,540,472)
Other Financing Sources (Uses):							
Transfers in	8,291,469	200,000	2,005,574	2,525,000	264,246	1,123,066	14,409,355
Transfers out	(981,915)	-	(221,460)	(3,917,531)	(10,866)	(3,487,917)	(8,619,689)
Sale of general capital assets	16,470	-	-	17,000	-	-	33,470
Total other financing sources (uses)	7,326,024	200,000	1,784,114	(1,375,531)	253,380	(2,364,851)	5,823,136
Net change in fund balances	6,009,117	217,485	448,271	(3,078,886)	(1,612)	(2,311,711)	1,282,664
Fund balances, October 1	5,915,621	423,854	3,063,241	6,288,881	583,517	9,972,366	26,247,480
Fund balances, September 30	\$ 11,924,738	\$ 641,339	\$ 3,511,512	\$ 3,209,995	\$ 581,905	\$ 7,660,655	\$ 27,530,144

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, 2019

Net Change in Fund Balances - Total Governmental Funds \$ 1,282,664

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	\$	14,956,180	
Less: Net book value of disposed capital assets		(528,252)	
Less: current year depreciation		<u>(6,363,651)</u>	8,064,277

Repayment of a loan is an expenditure in the governmental funds, but the repayment is a reduction of a liability in the statement of net position. 569,480

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. 8,714

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 liability	\$	2,030,652	
Change in net pension asset		1,156,154	
Change in other post employment benefits (OPEB)		(107,860)	
Change in compensated absences		<u>(339,666)</u>	2,739,280

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

Change in deferred outflows relating to pensions	\$	(2,095,335)	
Change in deferred outflows relating to other post employment benefits (OPEB)		38,457	
Change in deferred inflows relating to pensions		(29,802)	
Change in deferred inflows relating to other post employment benefits (OPEB)		<u>(638,795)</u>	(2,725,475)

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. (1,411,653)

Change in Net Position of Governmental Activities \$ 8,527,287

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 17,845,949	\$ 17,845,949	\$ 17,620,536	\$ (225,413)
Licenses and permits	3,929,840	3,929,840	4,827,548	897,708
Intergovernmental	8,120,512	8,168,085	13,302,229	5,134,144
Charges for services	11,732,443	12,319,827	11,653,525	(666,302)
Fines and forfeitures	816,500	816,500	1,058,840	242,340
Investment earnings	110,000	110,000	348,544	238,544
Rental income	2,357,533	2,357,533	2,537,284	179,751
Contributions and other	25,000	777,000	295,485	(481,515)
Total revenues	<u>44,937,777</u>	<u>46,324,734</u>	<u>51,643,991</u>	<u>5,319,257</u>
Expenditures:				
Personnel services	40,982,633	41,184,041	40,851,721	332,320
Operating	9,613,268	10,243,857	9,623,831	620,026
Capital outlay	888,425	1,805,631	2,296,101	(490,470)
Aid to private organizations	200,400	205,300	189,245	16,055
Total expenditures	<u>51,684,726</u>	<u>53,438,829</u>	<u>52,960,898</u>	<u>477,931</u>
Excess (deficiency) of revenues over expenditures	<u>(6,746,949)</u>	<u>(7,114,095)</u>	<u>(1,316,907)</u>	<u>5,797,188</u>
Other Financing Sources (Uses):				
Transfers in	8,467,698	8,473,683	8,291,469	(182,214)
Transfers out	(970,332)	(981,915)	(981,915)	-
Sale of general capital assets	25,000	25,000	16,470	(8,530)
Total other financing sources (uses)	<u>7,522,366</u>	<u>7,516,768</u>	<u>7,326,024</u>	<u>(190,744)</u>
Net change in fund balance	\$ <u><u>775,417</u></u>	\$ <u><u>402,673</u></u>	6,009,117	\$ <u><u>5,606,444</u></u>
Fund Balance, October 1			<u>5,915,621</u>	
Fund Balance, September 30			<u>\$ 11,924,738</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
Community Development Office Fund - Special Revenue Fund
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 49,245	\$ 49,245	\$ 436,138	\$ 386,893
Investment earnings	2,470	2,470	4,562	2,092
Contributions and other	-	-	120,450	120,450
Total revenues	<u>51,715</u>	<u>51,715</u>	<u>561,150</u>	<u>509,435</u>
Expenditures:				
Personnel services	86,980	86,980	109,014	(22,034)
Operating	22,900	22,900	434,651	(411,751)
Total expenditures	<u>109,880</u>	<u>109,880</u>	<u>543,665</u>	<u>(433,785)</u>
Excess (deficiency) of revenue over expenditures	<u>(58,165)</u>	<u>(58,165)</u>	<u>17,485</u>	<u>75,650</u>
Other Financing Sources (Uses):				
Transfers in	200,000	200,000	200,000	-
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 141,835</u>	<u>\$ 141,835</u>	217,485	<u>\$ 75,650</u>
Fund Balance, October 1			<u>423,854</u>	
Fund Balance, September 30			<u>\$ 641,339</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,602,749	\$ 1,602,749	\$ 1,594,110	\$ (8,639)
Intergovernmental	-	162,802	15,080	(147,722)
Investment earnings	-	-	91,026	91,026
Contributions and other	75,000	75,000	206,869	131,869
Total revenues	<u>1,677,749</u>	<u>1,840,551</u>	<u>1,907,085</u>	<u>66,534</u>
Expenditures:				
Personnel services	289,428	295,002	240,114	54,888
Operating	699,657	1,063,826	1,029,182	34,644
Capital outlay	2,605,000	2,667,508	1,973,632	693,876
Total expenditures	<u>3,594,085</u>	<u>4,026,336</u>	<u>3,242,928</u>	<u>783,408</u>
Excess (deficiency) of revenue over expenditures	<u>(1,916,336)</u>	<u>(2,185,785)</u>	<u>(1,335,843)</u>	<u>849,942</u>
Other Financing Sources (Uses):				
Transfers in	2,000,000	2,005,574	2,005,574	-
Transfers out	(221,460)	(221,460)	(221,460)	-
Total other financing sources (uses)	<u>1,778,540</u>	<u>1,784,114</u>	<u>1,784,114</u>	<u>-</u>
Net change in fund balance	<u>\$ (137,796)</u>	<u>\$ (401,671)</u>	448,271	<u>\$ 849,942</u>
Fund Balance, October 1			<u>3,063,241</u>	
Fund Balance, September 30			<u>\$ 3,511,512</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, 2019

	<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>
Assets:								
Current assets:								
Cash, cash equivalents and investments	\$ 15,198,428	\$ 9,751,849	\$ 17,924,894	\$ 4,954,762	\$ 6,289	\$ 44,275	\$ 47,880,497	\$ 7,285,487
Receivables, net of allowance for uncollectibles:								
Accounts	1,125,264	769,113	17,424	48,890	20,843	55,588	2,037,122	782,402
Intergovernmental	500,000	3,546	339,565	3,546	1,018,026	500,000	2,364,683	-
Interfund receivables	1,062	1,911	7,855	214	10,405	4,885	26,332	-
Prepaid expenses	-	-	34,831	-	3,023	7,700	45,554	71,036
Note receivable	-	-	85,604	-	-	-	85,604	-
Inventories	519,490	-	66,289	22,993	29,672	-	638,444	-
	<u>17,344,244</u>	<u>10,526,419</u>	<u>18,476,462</u>	<u>5,030,405</u>	<u>1,088,258</u>	<u>612,448</u>	<u>53,078,236</u>	<u>8,138,925</u>
Restricted assets:								
Cash, cash equivalents and investments	767,866	138,503	-	-	-	-	906,369	-
Total current assets	<u>18,112,110</u>	<u>10,664,922</u>	<u>18,476,462</u>	<u>5,030,405</u>	<u>1,088,258</u>	<u>612,448</u>	<u>53,984,605</u>	<u>8,138,925</u>
Noncurrent assets:								
Net pension asset	58,145	90,835	110,941	35,357	262,143	78,253	635,674	-
Note receivable, less current portion	-	-	1,489,070	-	-	-	1,489,070	-
Advances to other funds	1,425,057	-	-	-	-	-	1,425,057	-
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	9,655,965	-	12,757,622	2,694,263	57,131,751	-
Infrastructure	119,522,262	3,697	13,178,196	36,128,650	235,491	10,324,618	179,392,914	-
Machinery, equipment and furniture	4,899,466	569,625	975,913	25,937	10,074,713	596,940	17,142,594	-
Accumulated depreciation	(80,260,562)	(4,956,020)	(12,494,999)	(17,582,892)	(9,309,221)	(5,984,666)	(130,588,360)	-
Construction in progress	2,191,873	30,127	1,485,430	422,919	180,973	238,249	4,549,571	-
Total noncurrent assets	<u>71,188,653</u>	<u>8,161,260</u>	<u>29,280,043</u>	<u>19,029,971</u>	<u>14,251,721</u>	<u>7,947,657</u>	<u>149,859,305</u>	<u>-</u>
Total assets	<u>89,300,763</u>	<u>18,826,182</u>	<u>47,756,505</u>	<u>24,060,376</u>	<u>15,339,979</u>	<u>8,560,105</u>	<u>203,843,910</u>	<u>8,138,925</u>
Deferred Outflows of Resources:								
Deferred outflows relating to pensions	46,640	67,479	130,217	20,909	196,799	71,977	534,021	-
Deferred outflows relating to other post employment benefits (OPEB)	179	347	910	52	1,282	124	2,894	-
Deferred charge on refunding	144,968	-	-	-	-	-	144,968	-
Total deferred outflows of resources	<u>191,787</u>	<u>67,826</u>	<u>131,127</u>	<u>20,961</u>	<u>198,081</u>	<u>72,101</u>	<u>681,883</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 89,492,550</u>	<u>\$ 18,894,008</u>	<u>\$ 47,887,632</u>	<u>\$ 24,081,337</u>	<u>\$ 15,538,060</u>	<u>\$ 8,632,206</u>	<u>\$ 204,525,793</u>	<u>\$ 8,138,925</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, 2019

	Sanitary Sewer System	Solid Waste	Key West Bight	Stormwater	Transit System	Garrison Bight	Total	Governmental Activities Internal Service Fund
Liabilities:								
Current liabilities:								
Accounts payable	\$ 957,606	\$ 369,419	\$ 380,869	\$ 86,296	\$ 35,121	\$ 46,173	\$ 1,875,484	\$ 14,019
Accrued payroll and related expenses	4,625	7,414	21,584	1,288	44,668	13,978	93,557	3,355
Compensated absences	33,366	27,207	35,658	2,714	118,028	32,401	249,374	2,579
Accrued expenses	-	-	228,350	-	-	-	228,350	-
Accrued interest	189,531	-	-	-	-	-	189,531	-
Interfund payable	-	-	-	-	412,000	-	412,000	211,911
Retainage payable	129,567	-	4,364	-	-	-	133,931	-
Insurance claims payable	-	-	-	-	-	-	-	815,000
Unearned revenue	431,872	138,503	87,302	-	-	23,291	680,968	3,824
Bonds and note payable	2,282,586	-	-	-	-	-	2,282,586	-
Total current liabilities	4,029,153	542,543	758,127	90,298	609,817	115,843	6,145,781	1,050,688
Noncurrent liabilities:								
Revenue bonds payable	12,407,042	-	-	-	-	-	12,407,042	-
Note payable	532,064	-	-	-	-	-	532,064	-
Advances from other funds	-	-	-	2,528,001	-	-	2,528,001	-
Insurance claims payable	-	-	-	-	-	-	-	3,362,000
Customer deposits	600	-	234,565	-	5,530	318,062	558,757	-
Other post employment benefits (OPEB) liability	39,472	76,395	210,746	11,457	334,242	45,695	718,007	-
Compensated absences	16,174	13,189	17,285	1,316	57,215	15,707	120,886	1,250
Total noncurrent liabilities	12,995,352	89,584	462,596	2,540,774	396,987	379,464	16,864,757	3,363,250
Total liabilities	17,024,505	632,127	1,220,723	2,631,072	1,006,804	495,307	23,010,538	4,413,938
Deferred Inflows of Resources:								
Deferred inflows relating to pensions	38,782	60,164	100,220	17,697	221,416	64,233	502,512	-
Deferred inflows relating to other post employment benefits (OPEB)	4,145	8,023	21,332	1,203	31,173	3,416	69,292	-
Total deferred inflows of resources	42,927	68,187	121,552	18,900	252,589	67,649	571,804	-
Net Position:								
Net investment in capital assets	54,628,727	8,070,425	27,680,032	18,994,614	13,989,578	7,869,404	131,232,780	-
Restricted for debt service	304,209	-	-	-	-	-	304,209	-
Unrestricted	17,492,182	10,123,269	18,865,325	2,436,751	289,089	199,846	49,406,462	3,724,987
Total net position	72,425,118	18,193,694	46,545,357	21,431,365	14,278,667	8,069,250	180,943,451	3,724,987
Total liabilities, deferred inflows of resources and net position	\$ 89,492,550	\$ 18,894,008	\$ 47,887,632	\$ 24,081,337	\$ 15,538,060	\$ 8,632,206	\$ 204,525,793	\$ 8,138,925

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, 2019

	<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>
Operating Revenues:								
Charges for services	\$ 11,247,777	\$ 9,358,550	\$ 11,394,429	\$ 2,402,810	\$ 1,334,572	\$ 2,292,954	\$ 38,031,092	\$ 9,868,946
Total operating revenues	<u>11,247,777</u>	<u>9,358,550</u>	<u>11,394,429</u>	<u>2,402,810</u>	<u>1,334,572</u>	<u>2,292,954</u>	<u>38,031,092</u>	<u>9,868,946</u>
Operating Expenses:								
Personnel services	220,819	578,812	1,022,685	57,402	2,153,450	697,928	4,731,096	152,537
Other operating expenses	6,299,181	6,997,736	4,453,396	964,894	973,782	696,477	20,385,466	10,846,499
Depreciation	4,055,779	444,853	673,889	1,564,301	1,041,096	409,772	8,189,690	-
Total operating expenses	<u>10,575,779</u>	<u>8,021,401</u>	<u>6,149,970</u>	<u>2,586,597</u>	<u>4,168,328</u>	<u>1,804,177</u>	<u>33,306,252</u>	<u>10,999,036</u>
Operating income (loss)	<u>671,998</u>	<u>1,337,149</u>	<u>5,244,459</u>	<u>(183,787)</u>	<u>(2,833,756)</u>	<u>488,777</u>	<u>4,724,840</u>	<u>(1,130,090)</u>
Nonoperating Revenues (Expenses):								
Grant income (operating)	-	-	-	-	1,973,424	321,778	2,295,202	-
Investment earnings	442,401	295,771	430,112	125,538	-	26,038	1,319,860	180,193
Other income	483,635	-	273,344	22,200	38,765	252,485	1,070,429	54,698
Gain (loss) on disposition of capital assets	37,523	-	-	-	-	(7,329)	30,194	-
Interest expense and other fiscal charges	(447,107)	-	-	(90,976)	(14,808)	-	(552,891)	-
Net nonoperating revenues (expenses)	<u>516,452</u>	<u>295,771</u>	<u>703,456</u>	<u>56,762</u>	<u>1,997,381</u>	<u>592,972</u>	<u>4,162,794</u>	<u>234,891</u>
Income (loss) before transfers	<u>1,188,450</u>	<u>1,632,920</u>	<u>5,947,915</u>	<u>(127,025)</u>	<u>(836,375)</u>	<u>1,081,749</u>	<u>8,887,634</u>	<u>(895,199)</u>
Transfers and Other:								
Capital contributions (grants)	500,000	-	494,219	-	330,814	-	1,325,033	-
Transfers in	-	-	2,549,404	672,000	547,740	47,417	3,816,561	-
Transfers out	(797,900)	(1,802,351)	(5,366,094)	(186,656)	(582,117)	(354,655)	(9,089,773)	(516,454)
Total transfers and other	<u>(297,900)</u>	<u>(1,802,351)</u>	<u>(2,322,471)</u>	<u>485,344</u>	<u>296,437</u>	<u>(307,238)</u>	<u>(3,948,179)</u>	<u>(516,454)</u>
Change in net position	<u>890,550</u>	<u>(169,431)</u>	<u>3,625,444</u>	<u>358,319</u>	<u>(539,938)</u>	<u>774,511</u>	<u>4,939,455</u>	<u>(1,411,653)</u>
Net Position, October 1	<u>71,534,568</u>	<u>18,363,125</u>	<u>42,919,913</u>	<u>21,073,046</u>	<u>14,818,605</u>	<u>7,294,739</u>	<u>176,003,996</u>	<u>5,136,640</u>
Net Position, September 30	<u>\$ 72,425,118</u>	<u>\$ 18,193,694</u>	<u>\$ 46,545,357</u>	<u>\$ 21,431,365</u>	<u>\$ 14,278,667</u>	<u>\$ 8,069,250</u>	<u>\$ 180,943,451</u>	<u>\$ 3,724,987</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, 2019

	<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>
Cash Flows from Operating Activities:								
Cash received from customers	\$ 11,297,514	\$ 9,387,949	\$ 11,474,401	\$ 2,612,395	\$ 1,426,503	\$ 2,269,264	\$ 38,468,026	\$ -
Cash received from interfund charges	-	-	-	-	-	-	-	10,090,352
Cash paid to suppliers	(6,077,574)	(7,185,408)	(4,432,225)	(954,722)	(1,401,081)	(807,799)	(20,858,809)	(9,558,035)
Cash paid to employees	(210,832)	(562,956)	(990,309)	(55,928)	(2,080,190)	(686,811)	(4,587,026)	(151,775)
Other receipts	<u>483,635</u>	<u>-</u>	<u>273,344</u>	<u>22,200</u>	<u>38,765</u>	<u>252,485</u>	<u>1,070,429</u>	<u>54,698</u>
Net cash provided by (used in) operating activities	<u>5,492,743</u>	<u>1,639,585</u>	<u>6,325,211</u>	<u>1,623,945</u>	<u>(2,016,003)</u>	<u>1,027,139</u>	<u>14,092,620</u>	<u>435,240</u>
Cash Flows from Noncapital Financing Activities:								
Proceeds from grants (operating purposes)	-	14,121	277,646	-	2,044,883	5,448	2,342,098	-
Repayments received on advances to other funds	104,769	-	-	-	-	-	104,769	-
Repayments made on advances from other funds	-	-	-	(249,552)	-	-	(249,552)	-
Interest paid on advances from other funds	-	-	-	(90,976)	(14,808)	-	(105,784)	-
Transfers in	-	-	2,549,404	672,000	547,740	47,417	3,816,561	-
Transfers (out)	<u>(797,900)</u>	<u>(1,802,351)</u>	<u>(5,366,094)</u>	<u>(186,656)</u>	<u>(582,117)</u>	<u>(354,655)</u>	<u>(9,089,773)</u>	<u>(516,454)</u>
Net cash provided by (used in) noncapital financing activities	<u>(693,131)</u>	<u>(1,788,230)</u>	<u>(2,539,044)</u>	<u>144,816</u>	<u>1,995,698</u>	<u>(301,790)</u>	<u>(3,181,681)</u>	<u>(516,454)</u>
Cash Flows from Capital and Related Financing Activities:								
Proceeds from capital contributions	-	-	-	529	330,814	-	331,343	-
Acquisition and construction of capital assets, net	(1,901,734)	(7,725)	(2,116,988)	(271,925)	(329,432)	(2,052,824)	(6,680,628)	-
Principal paid on revenue bonds	(1,890,742)	-	-	-	-	-	(1,890,742)	-
Interest paid and other fiscal charges	(432,270)	-	-	-	-	-	(432,270)	-
Repayments and payments on notes	<u>(329,721)</u>	<u>-</u>	<u>72,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(257,674)</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(4,554,467)</u>	<u>(7,725)</u>	<u>(2,044,941)</u>	<u>(271,396)</u>	<u>1,382</u>	<u>(2,052,824)</u>	<u>(8,929,971)</u>	<u>-</u>
Cash Flows from Investing Activities:								
Investment earnings	<u>442,401</u>	<u>295,771</u>	<u>430,112</u>	<u>125,538</u>	<u>-</u>	<u>26,038</u>	<u>1,319,860</u>	<u>180,193</u>
Net cash provided by (used in) investing activities	<u>442,401</u>	<u>295,771</u>	<u>430,112</u>	<u>125,538</u>	<u>-</u>	<u>26,038</u>	<u>1,319,860</u>	<u>180,193</u>
Net increase (decrease) in cash, cash equivalents and investments	687,546	139,401	2,171,338	1,622,903	(18,923)	(1,301,437)	3,300,828	98,979
Cash, Cash Equivalents and Investments, October 1	<u>15,278,748</u>	<u>9,750,951</u>	<u>15,753,556</u>	<u>3,331,859</u>	<u>25,212</u>	<u>1,345,712</u>	<u>45,486,038</u>	<u>7,186,508</u>
Cash, Cash Equivalents and Investments, September 30	<u>\$ 15,966,294</u>	<u>\$ 9,890,352</u>	<u>\$ 17,924,894</u>	<u>\$ 4,954,762</u>	<u>\$ 6,289</u>	<u>\$ 44,275</u>	<u>\$ 48,786,866</u>	<u>\$ 7,285,487</u>
Reconciliation to Statement of Net Position:								
Cash, cash equivalents and investments	\$ 15,198,428	\$ 9,751,849	\$ 17,924,894	\$ 4,954,762	\$ 6,289	\$ 44,275	\$ 47,880,497	\$ 7,285,487
Restricted cash, cash equivalents and investments	<u>767,866</u>	<u>138,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>906,369</u>	<u>-</u>
Cash, cash equivalents and investments	<u>\$ 15,966,294</u>	<u>\$ 9,890,352</u>	<u>\$ 17,924,894</u>	<u>\$ 4,954,762</u>	<u>\$ 6,289</u>	<u>\$ 44,275</u>	<u>\$ 48,786,866</u>	<u>\$ 7,285,487</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, 2019

	Sanitary Sewer System	Solid Waste	Key West Bight	Stormwater	Transit System	Garrison Bight	Total	Governmental Activities Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:								
Operating income (loss)	\$ 671,998	\$ 1,337,149	\$ 5,244,459	\$ (183,787)	\$ (2,833,756)	\$ 488,777	\$ 4,724,840	\$ (1,130,090)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Other nonoperating revenues	483,635	-	273,344	22,200	38,765	252,485	1,070,429	54,698
Depreciation	4,055,779	444,853	673,889	1,564,301	1,041,096	409,772	8,189,690	-
Decrease (increase) in assets:								
Accounts receivables, net	590	(24,765)	19,127	208,952	8,885	(2,610)	210,179	330,423
Interfund receivables, net	9,260	26,915	3,353	633	83,046	5,577	128,784	220,595
Prepaid expenses	-	-	(4,235)	-	135	(160)	(4,260)	(2,326)
Inventories	2,922	-	(19,624)	(3,050)	4,104	-	(15,648)	-
Net pension asset	(20,379)	(32,757)	(75,023)	(5,585)	(171,484)	(48,154)	(353,382)	-
Deferred outflows relating to pensions	12,274	19,729	45,186	3,364	103,283	29,003	212,839	-
Deferred outflows relating to other post employment benefits (OPEB)	(179)	(347)	(910)	(52)	(1,282)	(124)	(2,894)	-
Increase (decrease) in liabilities:								
Accounts payable	219,965	(185,325)	41,801	13,434	12,477	(105,829)	(3,477)	(2,747)
Accrued payroll and related expenses	(962)	889	1,861	163	5,542	1,436	8,929	195
Accrued expenses	-	-	11,125	-	-	-	11,125	-
Interfund payable, net	(1,280)	(2,347)	(7,896)	(212)	(444,015)	(5,333)	(461,083)	211,911
Insurance claims payable	-	-	-	-	-	-	-	751,203
Unearned revenue	39,887	27,249	52,556	-	-	(59,587)	60,105	811
Customer deposits	-	-	4,936	-	-	32,930	37,866	-
Other post employment benefits (OPEB) liability	503	974	2,551	146	3,595	348	8,117	-
Compensated absences	5,466	5,070	5,744	(245)	25,784	2,249	44,068	567
Deferred inflows relating to pensions	10,283	16,529	37,856	2,818	86,529	24,298	178,313	-
Deferred inflows relating to other post employment benefits (OPEB)	2,981	5,769	15,111	865	21,293	2,061	48,080	-
Total adjustments	4,820,745	302,436	1,080,752	1,807,732	817,753	538,362	9,367,780	1,565,330
Net cash provided by (used in) operating activities	\$ 5,492,743	\$ 1,639,585	\$ 6,325,211	\$ 1,623,945	\$ (2,016,003)	\$ 1,027,139	\$ 14,092,620	\$ 435,240

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, 2019

Assets:

Cash and cash equivalents	\$ 6,182,354
Investments, at fair value:	
Equity securities	107,698,858
Corporate and foreign bonds and bond funds	15,539,925
Fixed income fund	5,665,086
Alternative investments	11,897,708
U.S. government securities	11,358,155
Collateralized mortgage obligations	3,918,968
Municipal obligations	562,340
Real estate	5,515,000
Receivables:	
Interest and dividends	251,059
Other	<u>638,314</u>
Total assets	<u>169,227,767</u>

Liabilities:

Accounts payable and accrued expenses	<u>158,785</u>
Total liabilities	<u>158,785</u>

Net Position:

Restricted for pension benefits	\$ <u><u>169,068,982</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, 2019

Additions:

Contributions:	
Employer	\$ 5,374,446
Members	1,768,655
State police and fire	<u>640,814</u>
Total contributions	<u>7,783,915</u>

Investment earnings:

Net appreciation (depreciation) in fair value of investments	1,304,339
Interest and dividends	<u>5,163,483</u>

Total investment earnings	<u>6,467,822</u>
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Less: Investment expenses	<u>809,714</u>
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Net investment earnings	<u>5,658,108</u>
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Total additions	<u>13,442,023</u>
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Deductions:

Benefits paid	9,322,485
Administrative expenses	<u>373,520</u>

Total deductions	<u>9,696,005</u>
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Changes in net position	<u>3,746,018</u>
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Net Position, October 1	<u>165,322,964</u>
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Net Position, September 30	<u><u>\$ 169,068,982</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 (KWA or the Authority) was created by Florida Statute Chapter 421 and by resolution of the City in 1938. The primary purpose of KWA 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 \$ 518,000 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 KWA. KWA is considered a component unit of the City and is presented discretely in these financial statements. Financial information presented herein regarding KWA reflects a December 31, 2018 year-end. Further information regarding KWA, 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. Separate financial statements of the blended component unit are not prepared.

1. Summary of Significant Accounting Policies (continued)

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, 2019, the City received payment of approximately \$ 426,000. 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.

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.

1. Summary of Significant Accounting Policies (continued)

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. 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 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.

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.

1. Summary of Significant Accounting Policies (continued)

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.

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 essentially the same manner as proprietary funds since capital maintenance is critical. 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.

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 \$ 20,000. 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 \$ 20,000. 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:

General Fund:	
Capital outlay	\$ <u>490,470</u>
Community Development Office Fund:	
Personnel services	\$ 22,034
Operating	<u>411,751</u>
Total	\$ <u>433,785</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.

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.

1. Summary of Significant Accounting Policies (continued)

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 on the balance sheet 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.

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 the other post-employment benefits (OPEB) and are discussed in further detail in Notes 6 and 7, respectively.

1. Summary of Significant Accounting Policies (continued)

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 three items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet and discussed in further detail in Note 3. The governmental funds report unavailable revenues from intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is the deferred inflows relating to the pension plans and discussed in further detail in Note 6. The third 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.

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.

1. Summary of Significant Accounting Policies (continued)

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.

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.

1. Summary of Significant Accounting Policies (continued)

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 2019, the minimum fund balance required by the City Commission at the close of the fiscal year ranges from approximately \$ 11,100,000 to \$ 13,800,000; therefore, unassigned fund balance is below the prescribed limits. The City intends to replenish its fund balance from funds pending approval and reimbursement from FEMA and the State of Florida, related to costs incurred due to Hurricane Irma and a pending reimbursement for cost incurred in an amount of \$ 850,000 for a damaged city pier.

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 expenses during the reporting period. Actual results could differ from those estimates.

R. Date of Management Review

Subsequent events were evaluated by management through March 30, 2020, 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, 2019, the carrying amount of the City's deposits was approximately \$ 10,084,000, with a bank balance of approximately \$ 10,306,000. Included in the carrying amount of deposits was approximately \$ 3,400 cash on hand.

2. Deposits and Investments (continued)

B. Investments

As of September 30, 2019, 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	\$ 10,083,720	\$ 314,369	\$ 69,200,419	\$ 79,598,508
Restricted cash, cash equivalents, and investments	-	-	906,369	906,369
	<u>\$ 10,083,720</u>	<u>\$ 314,369</u>	<u>\$ 70,106,788</u>	<u>\$ 80,504,877</u>

As of September 30, 2019, the City's investment maturities and credit ratings were as follows:

	<u>Market Value</u>	<u>Investment Maturities (in Years)</u>		<u>S & P Credit Rating</u>
		<u>Less than 1</u>	<u>1-5</u>	
U.S. Government and Government Sponsored Entity Bonds/Notes	\$ 26,865,723	\$ 24,626,095	\$ 2,239,628	AA+ or not rated
Money Market Mutual Funds	69,330	69,330	-	Not rated
Florida Fixed Income Trust	34,423,230	34,423,230	-	AAAf
Florida Public Assets for Liquidity Management	8,817,835	8,817,835	-	AAAm
State Investment Pool: Florida Prime	<u>245,039</u>	<u>245,039</u>	<u>-</u>	AAAm
	<u>\$ 70,421,157</u>	<u>\$ 68,181,529</u>	<u>\$ 2,239,628</u>	

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, 2019 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, 2019, 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, 2019, 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	48.9%
U.S. Government Securities - Treasuries	35.4%
Florida Public Assets for Liquidity Management	12.5%
Federal Instrumentalities - U.S.	
Government Sponsored Agencies	2.8%
Florida Local Government	
Surplus Funds - Florida Prime	0.3%
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, 2019, 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, 2019, the City’s pension plans had the following investments:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan
	<u> </u>	<u> </u>
Equity Securities	\$ 34,429,539	\$ 73,269,319
Corporate and Foreign Bonds and Bond Funds	8,342,783	7,197,142
Fixed Income Fund	-	5,665,086
Alternative Investments	7,175,654	4,722,054
U.S. Government Securities	2,204,713	9,153,442
Collateralized Mortgage Obligations	3,918,968	-
Municipal Obligations	504,857	57,483
Real Estate	-	5,515,000
	<u>\$ 56,576,514</u>	<u>\$ 105,579,526</u>

As of September 30, 2019, 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	\$ 2,204,713	\$ -	\$ 282,751	\$ 675,272	\$ 1,246,690	Aaa*
Collateralized Mortgage Obligations	3,918,968	-	125,234	1,197,376	2,596,358	AA through AA-**
Corporate and Foreign Bonds and Bond Funds	8,342,783	2,447,681	3,579,790	920,545	1,394,767	AAA through BBB-***
Municipal Obligations	504,857	-	99,317	-	405,540	AAA through AA-
	<u>\$ 14,971,321</u>	<u>\$ 2,447,681</u>	<u>\$ 4,087,092</u>	<u>\$ 2,793,193</u>	<u>\$ 5,643,355</u>	

* Not rated by S & P; therefore, provided by Moody's credit rating.

** Includes \$3,778,339 of investments that are not rated.

*** Includes \$ 2,750,879 which is not rated.

The General Employees Pension Plan includes \$ 767,670 (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 *	\$ 9,153,442	\$ 648,414	\$ 1,696,612	\$ 416,884	\$ 6,391,532	Not Rated
Corporate and Foreign Bonds and Bond Funds	7,197,142	-	3,400,634	3,135,905	660,603	AAA through BB
Municipal Obligations	57,483	-	-	57,483	-	AAA through BB
	<u>\$ 16,408,067</u>	<u>\$ 648,414</u>	<u>\$ 5,097,246</u>	<u>\$ 3,610,272</u>	<u>\$ 7,052,135</u>	

* Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not have purchase limitations.

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, 2019, the General Employees Retirement Plan had investments with American Core Realty Fund, LLC amounting to approximately 12.68% or \$ 7,176,000 of the total Plan's investments. The Police Officers and Firefighters Retirement Plan had no total investments in any one issuer that represent 5% or more of the Plan's total 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. The Plans are not directly exposed to foreign credit risk.

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, 2019 as follows:

City of Key West, Florida
Notes to Financial Statements
September 30, 2019

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	\$ 26,865,723	\$ 24,890,281	\$ 1,975,442	\$ -	\$ -
Florida Fixed Income Trust	34,423,230	-	-	-	34,423,230
Florida Public Assets for Liquidity Management	<u>8,817,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,817,835</u>
Total Investments Measured at Fair Value	70,106,788	24,890,281	1,975,442	-	43,241,065
Cash Equivalents	<u>69,330</u>	<u>69,330</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments and Cash Equivalents Measured at Fair Value	<u>70,176,118</u>	<u>\$ 24,959,611</u>	<u>\$ 1,975,442</u>	<u>\$ -</u>	<u>\$ 43,241,065</u>
Investments Not Measured at Fair Value:					
Florida PRIME	<u>245,039</u>				
	<u>\$ 70,421,157</u>				

Additional information for investments measured at the net asset value (“NAV”) per share (or its equivalent) as of September 30, 2019, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Florida Fixed Income Trust (1)	\$ 34,423,230	\$ -	Daily	1 day
Florida Public Assets for Liquidity Management (1)	<u>8,817,835</u>	<u>-</u>	Daily	1 day
Total	<u>\$ 43,241,065</u>	<u>\$ -</u>		

(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:

<u>Investments</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Investments Valued at NAV</u>
U.S. Government Securities	\$ 2,204,713	\$ 704,554	\$ 1,500,159	\$ -	\$ -
Corporate and Foreign Bonds and Bond Funds	8,342,783	2,447,681	5,895,102	-	-
Collateralized Mortgage Obligations	3,918,968	-	3,918,968	-	-
Municipal Obligations	504,857	-	504,857	-	-
Equity Securities	34,429,539	31,495,038	2,934,501	-	-
Alternative Investments	<u>7,175,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,175,654</u>
 Total Investments Measured at Fair Value	 56,576,514	 34,647,273	 14,753,587	 -	 7,175,654
 Cash Equivalents	 <u>767,670</u>	 <u>767,670</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total Investments and Cash Equivalents Measured at Fair Value	 \$ <u>57,344,184</u>	 \$ <u>35,414,943</u>	 \$ <u>14,753,587</u>	 \$ <u>-</u>	 \$ <u>7,175,654</u>

Additional information for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2019, are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Alternative Investments (1)	\$ <u>7,175,654</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	\$ 9,153,442	\$ -	\$ 9,153,442	\$ -	\$ -
Corporate and Foreign Bonds and Bond Funds	7,197,142	-	7,197,142	-	-
Municipal Obligations	57,483	-	57,483	-	-
Equity Securities	73,269,319	73,269,319	-	-	-
Fixed Income Fund	5,665,086	5,665,086	-	-	-
Real Estate	5,515,000	-	-	5,515,000	-
Alternative Investments	4,722,054	-	-	-	4,722,054
Total Investments Measured at Fair Value	105,579,526	78,934,405	16,408,067	5,515,000	4,722,054
Cash Equivalents	5,414,684	5,414,684	-	-	-
Total Investments and Cash Equivalents Measured at Fair Value	\$ 110,994,210	\$ 84,349,089	\$ 16,408,067	\$ 5,515,000	\$ 4,722,054

Additional information for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2019, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments (1)	\$ 4,722,054	\$ -	Bi-Annual	90 Days

(1) The fund invests primarily in holding companies that invest in private infrastructure entities located around the world. The fair value of the investment in the fund 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.

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, 2018, the Authority's book balance of cash was \$ 9,056,943 and the bank balance was \$ 9,319,784.

As of December 31, 2018, cash is reported as follows:

Cash - unrestricted	\$ 8,448,036
Cash - restricted	608,907
Total	\$ 9,056,943

2. Deposits and Investments (continued)

In addition, the component unit's pension plan deposits amounting to \$ 79,144 (\$ 79,144 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, 2018, the Plan had the following investments:

Equity Mutual Funds:

Vanguard 500 Index Fund*(1)	\$	1,585,493
Vanguard Total International Stock Index*(1)		950,097
Oakmark International Small Cap*(1)		800,544
Vanguard Dividend Growth Fund*(1)		1,998,292
Vanguard Small Cap Index*(1)		929,978

Fixed Income Mutual Funds:

PIMCO Investment Fund*(1)		757,743
PIMCO Investment Grade Corporate*(1)		542,957
PIMCO All Asset Fund*(1)		1,109,924
Westwood Income Opportunity Institutional*(1)		1,075,728
Dodge & Cox Income Fund*(1)		546,785

Money Market:

Goldman Sach Fin Sq Tr*		<u>1,982</u>
	\$	<u><u>10,299,523</u></u>

- * Investment maturity is less than one year.
- (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 2.

3. Receivables and Deferred Inflows of Resources – Grant Funding

Receivables at September 30, 2019 consist of the following:

Receivable Type:	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Fiduciary	Total
Interest and dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 251,059	\$ 251,059
Accounts	2,211,637	56,399	-	2,377,015	782,402	-	5,427,453
Mortgages	-	2,814,820	-	-	-	-	2,814,820
Intergovernmental	1,358,958	546,124	967,043	2,364,683	-	638,314	5,875,122
Gross receivables	3,570,595	3,417,343	967,043	4,741,698	782,402	889,373	14,368,454
Less allowance for uncollectible	-	1,116,818	-	339,893	-	-	1,456,711
Net receivables	\$ <u>3,570,595</u>	\$ <u>2,300,525</u>	\$ <u>967,043</u>	\$ <u>4,401,805</u>	\$ <u>782,402</u>	\$ <u>889,373</u>	\$ <u>12,911,743</u>

Property taxes are levied November 1st on property valued as of the previous 1st 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, 2019, was 2.2074 per \$ 1,000 of assessed taxable property value. The final taxable value amounted to \$ 7,315,944,880. Property tax revenues are recognized when they become available. Available means 1) when due, or past due and receivable within the current period, and 2) collected within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Taxes relating to the current budget and collected within 60 days after the fiscal year end are recognized as revenue currently. Property taxes are due for payment on March 31st and become delinquent on April 1st. At September 30, 2019, 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, rents and transportation (cruise ships) 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	530,948
Mayor's Revolving Loan Fund (low interest)	<u>50,237</u>
Gross mortgages receivable	2,814,820
Less allowance for uncollectible mortgages	<u>1,116,818</u>
Net mortgages receivable	\$ <u>1,698,002</u>

3. Receivables and Deferred Inflows of Resources – Grant Funding (continued)

Note receivable - The City previously entered into a promissory note with an entity in exchange for building improvements on a property to be leased by the City to this entity. The note bears interest at the current rate as determined by the 1-year LIBOR plus 1% (3.03% at September 30, 2019) until the note matures in August 2034. At September 30, 2019 the balance of this note receivable was approximately \$ 1,575,000, and is reflected in the Key West Bight Fund.

Component Unit:

Accounts receivable represent amounts due from tenants (dwelling rents), and other miscellaneous balances, of \$ 46,208 net of allowance for uncollectibles of \$ 232. Intergovernmental receivables represent amounts due from the federal and other governments of \$ 338,347. No allowance for uncollectibles was deemed necessary by management.

4. Capital Assets

Capital asset activity for fiscal year ended September 30, 2019 is as follows:

	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 56,687,796	\$ -	\$ -	\$ 56,687,796
Works of art	-	77,400	-	77,400
Construction in progress	<u>42,520,047</u>	<u>5,175,911</u>	<u>(45,809,142)</u>	<u>1,886,816</u>
Total capital assets, not being depreciated	<u>99,207,843</u>	<u>5,253,311</u>	<u>(45,809,142)</u>	<u>58,652,012</u>
Capital assets, being depreciated:				
Buildings and improvements	28,921,561	24,015,464	-	52,937,025
Machinery, equipment and furniture	24,800,189	5,360,738	(1,866,431)	28,294,496
Works of art	-	70,520	-	70,520
Infrastructure	<u>64,843,068</u>	<u>25,543,800</u>	<u>(1,258,069)</u>	<u>89,128,799</u>
Total capital assets, being depreciated	<u>118,564,818</u>	<u>54,990,522</u>	<u>(3,124,500)</u>	<u>170,430,840</u>
Less accumulated depreciation for:				
Buildings and improvements	7,988,299	1,327,562	-	9,315,861
Machinery, equipment and furniture	17,569,878	2,997,617	(1,859,668)	18,707,827
Works of art	-	2,467	-	2,467
Infrastructure	<u>30,040,815</u>	<u>2,036,005</u>	<u>(1,258,069)</u>	<u>30,818,751</u>
Total accumulated depreciation	<u>55,598,992</u>	<u>6,363,651</u>	<u>(3,117,737)</u>	<u>58,844,906</u>
Total capital assets, being depreciated, net	<u>62,965,826</u>	<u>48,626,871</u>	<u>(6,763)</u>	<u>111,585,934</u>
Governmental activities capital assets, net	<u>\$ 162,173,669</u>	<u>\$ 53,880,182</u>	<u>\$ (45,815,905)</u>	<u>\$ 170,237,946</u>

4. Capital Assets (continued)

	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 18,681,034	\$ -	\$ -	\$ 18,681,034
Construction in progress	<u>6,360,081</u>	<u>6,497,633</u>	<u>(8,308,143)</u>	<u>4,549,571</u>
Total capital assets, not being depreciated	<u>25,041,115</u>	<u>6,497,633</u>	<u>(8,308,143)</u>	<u>23,230,605</u>
Capital assets, being depreciated:				
Buildings and improvements	52,851,369	4,400,381	(119,999)	57,131,751
Infrastructure	175,906,354	3,760,560	(274,000)	179,392,914
Machinery, equipment and furniture	<u>16,543,342</u>	<u>1,083,682</u>	<u>(484,430)</u>	<u>17,142,594</u>
Total capital assets, being depreciated	<u>245,301,065</u>	<u>9,244,623</u>	<u>(878,429)</u>	<u>253,667,259</u>
Less accumulated depreciation for:				
Buildings and improvements	33,676,192	1,870,661	(14,556)	35,532,297
Infrastructure	79,669,727	5,319,595	(274,000)	84,715,322
Machinery, equipment and furniture	<u>9,805,931</u>	<u>999,434</u>	<u>(464,624)</u>	<u>10,340,741</u>
Total accumulated depreciation	<u>123,151,850</u>	<u>8,189,690</u>	<u>(753,180)</u>	<u>130,588,360</u>
Total capital assets, being depreciated, net	<u>122,149,215</u>	<u>1,054,933</u>	<u>(125,249)</u>	<u>123,078,899</u>
Business-type activities capital assets, net	<u>\$ 147,190,330</u>	<u>\$ 7,552,566</u>	<u>\$ (8,433,392)</u>	<u>\$ 146,309,504</u>

For the year ended September 30, 2019, depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Transportation	\$ 2,405,460
General government	2,731,279
Public safety	604,547
Economic environment	328,364
Culture and recreation	290,819
Human services	<u>3,182</u>
Total depreciation expense - governmental activities	<u>\$ 6,363,651</u>

4. Capital Assets (continued)

Business-type activities:		
Sanitary sewer system	\$	4,055,779
Stormwater		1,564,301
Key West Bight		673,889
Solid waste		444,853
Transit system		1,041,096
Garrison Bight		<u>409,772</u>
Total depreciation expense - business-type activities	\$	<u><u>8,189,690</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, 2018:

Building and improvements	\$	86,532,373
Machinery, equipment, and furniture		2,165,527
Infrastructure		<u>1,206,645</u>
		<u>89,904,545</u>
Less accumulated depreciation		<u>34,729,652</u>
		<u>55,174,893</u>
Land		<u>11,523,552</u>
Net capital assets	\$	<u><u>66,698,445</u></u>

Total depreciation expense for the year ended December 31, 2018 amounted to approximately \$ 1,906,000. 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 \$ 767,866, \$ 274,126 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 \$ 138,503 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 1/15th 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, 2019 was \$ 1,024,776.

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, 2019 was \$ 14,272,883.

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 \$ 640,814 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, 2018 was as follows:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan
	<u> </u>	<u> </u>
Active employees	269	153
Inactive employees:		
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>174</u>	<u>147</u>
Total	<u><u>443</u></u>	<u><u>300</u></u>

Net Pension (Asset) Liability:

The City’s net pension (asset) liability was determined based on a measurement date of September 30, 2018 for both plans.

6. Pension Plans (continued)

The components of the net pension (asset) liability of the City at September 30, 2019, were as follows:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
Total pension liability	\$ 54,976,394	\$ 117,245,754	\$ 172,222,148
Plan fiduciary net position	<u>(57,290,853)</u>	<u>(108,032,111)</u>	<u>(165,322,964)</u>
Net pension (asset) liability	<u>\$ (2,314,459)</u>	<u>\$ 9,213,643</u>	<u>\$ 6,899,184</u>
Plan fiduciary net position as a percentage of the total pension (asset) liability	104.21%	92.14%	95.99%

Actuarial Assumptions - The total pension (asset) liability at September 30, 2018 was determined by using actuarial valuations as of October 1, 2017, with update procedures used to roll forward the total pension (asset) liability to September 30, 2018. The actuarial valuations used the following actuarial assumptions:

	General Employees Retirement Plan
Inflation	2.75%
Salary increases	3.75%-6.00%
Investment rate of return	7.50%, net of investment expenses
Mortality	For healthy male participants, RP-2000 Annuitant Male Mortality Table, with 50% White Collar/50% Blue Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB. For healthy female participants, RP-2000 Annuitant Female Mortality Table, with White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB. For disabled male participants, RP-2000 Disabled Male Mortality Table, setback four years, without projected mortality improvements. For disabled female participants, RP-2000 Disabled Female Mortality Table, set forward two years, without projected mortality improvements.
	Police Officers and Firefighters Retirement Plan
Inflation	2.50%
Salary increases	4.50%
Investment rate of return	8.44% compounded annually, net of investment expenses, including inflation.
Mortality	For healthy participants (pre-retirement and post-retirement), RP-2000 Generational Tables, separate rates for males and females, with white/blue collar adjustments projected with Scale BB. For disabled participants, 60% RP-2000 Disabled Mortality Tables, set forward two years for males and setback four years for females, with 40% white collar adjustments and no setback or projection scale.

6. Pension Plans (continued)

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:

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%
Fixed income	28%	2.5%-3.5%
Real estate	6%	4.5%
Alternatives	6%	4.5%
Total	100%	

Rate of Return: For the year ended September 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.46% for GERP and 3.9% 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 7.50% and 8.44% 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, 2017, Measurement Date	\$ 52,861,348	\$ 53,666,271	\$ (804,923)
Changes for the year:			
Service cost	1,472,641	-	1,472,641
Interest	3,944,192	-	3,944,192
Differences between expected and actual experience	(180,469)	-	(180,469)
Assumption changes	-	-	-
Contributions - Employer	-	991,645	(991,645)
Contributions - Employee	-	790,420	(790,420)
Net investment income	-	5,148,560	(5,148,560)
Benefit payments	(3,121,318)	(3,121,318)	-
Administrative expenses	-	(184,725)	184,725
Net changes	2,115,046	3,624,582	(1,509,536)
Balances, as of September 30, 2018, Measurement Date	\$ 54,976,394	\$ 57,290,853	\$ (2,314,459)

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, 2017, Measurement Date	\$ 109,351,893	\$ 98,107,598	\$ 11,244,295
Changes for the year:			
Service cost	1,916,291	-	1,916,291
Interest	9,352,467	-	9,352,467
Differences between expected and actual experience	1,924,924	-	1,924,924
Assumption changes	536,041	-	536,041
Contributions - Employer	-	3,765,235	(3,765,235)
Contributions - State	-	645,479	(645,479)
Contributions - Employee	-	872,519	(872,519)
Net investment income	-	10,642,484	(10,642,484)
Benefit payments	(5,835,862)	(5,835,862)	-
Administrative expenses	-	(165,342)	165,342
Net changes	7,893,861	9,924,513	(2,030,652)
Balances, as of September 30, 2018, Measurement Date	\$ 117,245,754	\$ 108,032,111	\$ 9,213,643

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, 2019, it is distributed 77% to governmental activities and 23% 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:

	<u>1% Decrease 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Increase 8.50%</u>
General Employees Retirement Plan:			
Net Pension (Asset) Liability	\$ <u>3,873,031</u>	\$ <u>(2,314,459)</u>	\$ <u>(7,499,137)</u>
	<u>1% Decrease 7.44%</u>	<u>Current Discount Rate 8.44%</u>	<u>1% Increase 9.44%</u>
Police Officers and Firefighters Retirement Plan:			
Net Pension (Asset) Liability	\$ <u>20,408,829</u>	\$ <u>9,213,643</u>	\$ <u>(135,771)</u>

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

For the year ended September 30, 2019, the City recognized pension expense in GERP and PRFP of \$ 1,160,221 and \$ 3,831,140, respectively, aggregating to \$ 4,991,361. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
General Employees Retirement Plan:		
Pension contributions subsequent to the measurement date	\$ 998,882	\$ -
Differences between expected and actual experience	1,516,838	174,389
Changes of assumptions or other inputs	25,093	35,442
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>1,849,841</u>
Total	<u>\$ 2,540,813</u>	<u>\$ 2,059,672</u>

6. Pension Plans (continued)

Police Officers and Firefighters Retirement Plan:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 5,016,378	\$ -
Net difference between projected and actual earnings on pension plan investments	-	3,224,096
Changes of assumptions or other inputs	4,949,964	-
Differences between expected and actual experience	<u>3,882,082</u>	<u>-</u>
Total	<u>\$ 13,848,424</u>	<u>\$ 3,224,096</u>
Total Pension Trust Funds	<u>\$ 16,389,237</u>	<u>\$ 5,283,768</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, 2020. 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>
2020	\$ 439,001	\$ 1,858,299	\$ 2,297,300
2021	(200,702)	582,746	382,044
2022	(489,816)	600,627	110,811
2023	(266,224)	1,025,019	758,795
2024	-	993,918	993,918
Thereafter	-	547,341	547,341
Total	<u>\$ (517,741)</u>	<u>\$ 5,607,950</u>	<u>\$ 5,090,209</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, 2019 and the changes in net position for the year then ended:

Condensed Statements of Net Position:

	<u>General Employees Retirement Plan</u>	<u>Police Officers and Firefighters Retirement Plan</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 767,670	\$ 5,414,684	\$ 6,182,354
Investments, at fair value	56,576,514	105,579,526	162,156,040
Other	<u>101,996</u>	<u>787,377</u>	<u>889,373</u>
Total assets	<u>57,446,180</u>	<u>111,781,587</u>	<u>169,227,767</u>

6. Pension Plans (continued)

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
Liabilities:			
Accounts payable and accrued expenses	32,913	125,872	158,785
Total liabilities	<u>32,913</u>	<u>125,872</u>	<u>158,785</u>
Net position restricted for pension benefits	\$ <u>57,413,267</u>	\$ <u>111,655,715</u>	\$ <u>169,068,982</u>

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

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
Additions:			
Contributions	\$ 1,831,867	\$ 5,952,048	\$ 7,783,915
Net investment earnings	1,577,081	4,081,027	5,658,108
Total additions	<u>3,408,948</u>	<u>10,033,075</u>	<u>13,442,023</u>
Deductions:			
Benefits paid	3,118,279	6,204,206	9,322,485
Administrative expenses	168,255	205,265	373,520
Total deductions	<u>3,286,534</u>	<u>6,409,471</u>	<u>9,696,005</u>
Changes in net position	\$ <u>122,414</u>	\$ <u>3,623,604</u>	\$ <u>3,746,018</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, 2018 was \$ 1,218,541.

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 11.7% for the year ended December 31, 2018.

Plan membership data at January 1, 2018 was as follows:

Active employees, including DROP participants	60
Inactive employees:	
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	52
	<hr/>
Total	<u>112</u>

6. Pension Plans (continued)

Net Pension Liability (Asset):

The Authority’s net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2018 updated to December 31, 2018.

The components of the net pension liability (asset) of the Authority at December 31, 2018, were as follows:

	<u>Pension Plan</u>
Total pension liability	\$ 12,086,598
Plan fiduciary net position	<u>(10,419,542)</u>
Net pension liability (asset)	<u>\$ 1,667,056</u>
Plan fiduciary net position as a percentage of the total pension (asset) liability	86.21%

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

Inflation	3.00%
Salary increases	Age Based
Discount rate	7.00%
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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	40%	4.00%
International equity	20%	5.00%
Fixed income	20%	3.00%
Cash	<u>20%</u>	<u>1.50%</u>
	<u>100%</u>	

6. Pension Plans (continued)

Rate of Return: For the year ended December 31, 2018, the money-weighted rate of return, net of investment expenses and adjusted for the changing amounts actually invested, for the Pension Plan was (6.7%).

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member 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)
	<u>\$ 10,990,650</u>	<u>\$ 11,333,393</u>	<u>\$ (342,743)</u>
Balance, as of December 31, 2017			
Changes for the year:			
Service cost	224,726	-	224,726
Interest	827,611	-	827,611
Difference between expected and actual experience	(114,078)	-	(114,078)
Changes in assumptions	518,812	-	518,812
Contributions - employer	-	266,300	(266,300)
Net investment income	-	(795,590)	795,590
Benefit payments, including refunds of employee contributions	(361,123)	(361,123)	-
Administrative expenses	-	(23,438)	23,438
Net changes	<u>1,095,948</u>	<u>(913,851)</u>	<u>2,009,799</u>
Balance, as of December 31, 2018	<u>\$ 12,086,598</u>	<u>\$ 10,419,542</u>	<u>\$ 1,667,056</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 7.00%, 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 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
	<u>\$ 2,938,694</u>	<u>\$ 1,667,056</u>	<u>\$ 605,402</u>
Net pension liability (asset)			

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, 2018, the Authority recognized pension expense of \$ 650,353. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 540,404
Changes of assumptions	645,093	-
Net difference between projected and actual earnings on pension plan investments	1,048,311	-
	\$ 1,693,404	\$ 540,404

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

Year Ending December 31,	
2019	\$ 376,106
2020	197,926
2021	178,958
2022	400,010
Total	\$ 1,153,000

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, 2018:

Retirees and survivors	92
Active plan members	461
Total plan members	553

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, 2019
Valuation date:	October 1, 2018, rolled forward to the measurement date
Actuarial cost method:	Entry Age Normal
Mortality:	RP "2006" w/ MP2018 projection
Asset valuation method:	Market
Salary increases and inflation:	3.00%
Discount rate:	3.58%
Health care cost trend:	8.50% decreasing to 5.00% ultimate
Retirement age:	Rates from ages 50 and 55, or 20 years

Changes in assumptions and other inputs include the change in the discount rate from 3.64% as of the beginning of the measurement period to 3.58%, as of September 30, 2019. 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, 2019 was 3.58%. 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 average AA credit rating as of the measurement date was used to determine the total OPEB liability. The discount rate was 3.64% 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, 2019, are as follows:

Total OPEB liability	\$ 8,777,662
OPEB Plan fiduciary net position	<u>-</u>
City's net OPEB liability	<u>\$ 8,777,662</u>
OPEB Plan fiduciary net position as a percentage of total OPEB liability	<u>0.00%</u>

Changes in Total OPEB Liability:

Measurement year ended September 30, 2019	
Total OPEB liability:	
Service cost	\$ 630,042
Interest on total OPEB liability	313,949
Difference between expected and actual experience	(800,543)
Change of assumptions and other inputs	45,947
Benefit payments - implicit	<u>(73,418)</u>
Net change in total OPEB liability	115,977
Total OPEB liability, beginning	<u>8,661,685</u>
Total OPEB liability, ending	<u>\$ 8,777,662</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 3.58%, 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 (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB liability	\$ <u>9,535,839</u>	\$ <u>8,777,662</u>	\$ <u>8,019,488</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 7.0% Decreasing to 4.0%	Trend Rate Assumption 8.0% Decreasing to 5.0%	1% Trend Increase 9.0% Decreasing to 6.0%
Total OPEB liability	\$ <u>7,392,321</u>	\$ <u>8,777,662</u>	\$ <u>10,448,969</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, 2019 the City recognized OPEB expense of \$ 834,920. At September 30, 2019, 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	\$ -	\$ 720,488
Changes in assumptions	<u>41,351</u>	<u>225,206</u>
Total	<u>\$ 41,351</u>	<u>\$ 945,694</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>
2020	\$ (109,072)
2021	(109,072)
2022	(109,072)
2023	(109,072)
2024	(109,072)
Thereafter	<u>(358,983)</u>
	<u>\$ (904,343)</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 \$ 1,045,954 and measured as of December 31, 2018. For the year ended December 31, 2018, the Authority reported deferred outflows of resources of \$ 41,360, deferred inflows of resources of \$ 97,152 and recognized OPEB expense of \$ 78,856.

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 2019, a total of approximately \$ 2,746,000 was incurred/paid in benefits and claims. In fiscal year 2019, the City provided coverage up to the Self-Insured Retention (SIR) level of \$ 325,000 for each worker's compensation claim, and \$ 100,000 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. 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 with no minimum deductible. SIR level for flood is 5% with the following exceptions: \$ 1,000 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 \$ 4,177,000 is reported in the fund at September 30, 2019. 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 an undiscounted 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
2018*	\$ 3,407	\$ 1,360	\$ (162)	\$ (1,179)	\$ 3,426
2019**	\$ 3,426	\$ 1,589	\$ (1,591)	\$ 753	\$ 4,177

* Presented at the 50% confidence level and undiscounted.

** 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, 2019, 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, 2019 was \$ 5,392,486 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, 2019:

	<u>Estimated Remaining Construction Commitments</u>
Affordable Housing Escrow Fund: College Road Housing Project	\$ 344,000
Infrastructure Surtax Fund: Smather's Beach West	\$ 349,000
Bahama Village Fund: Frederick Douglas Gym Expansion	\$ 202,000
Sanitary Sewer System Fund: Lift Station Concrete Rehab	\$ 297,000
Key West Bight Fund: Seawall Repair	\$ 963,000
KWB Bath House Improvements	\$ 261,000

12. Long-Term Debt and Liabilities

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

	Balance October 1, 2018	Additions	Amortization/ Retirements	Balance September 30, 2019	Due Within One Year
Governmental Activities:					
<i>Direct Borrowing</i>					
General obligation note	\$ 143,226	\$ -	\$ 143,226	\$ -	\$ -
Capital lease	840,295	-	426,254	414,041	414,041
Insurance claims payable	3,425,797	751,203	-	4,177,000	815,000
Compensated absences	4,681,993	3,695,105	3,354,872	5,022,226	3,179,978
OPEB liability	7,951,795	107,860	-	8,059,655	-
Net pension liability	11,244,295	-	2,030,652	9,213,643	-
Total governmental activities	<u>\$ 28,287,401</u>	<u>\$ 4,554,168</u>	<u>\$ 5,955,004</u>	<u>\$ 26,886,565</u>	<u>\$ 4,409,019</u>
	Balance October 1, 2018	Additions	Amortization/ Retirements	Balance September 30, 2019	Due Within One Year
Business-Type Activities:					
<i>Direct Borrowing and Private Placements:</i>					
Sewer System Revenue Bonds, Series 2012	\$ 1,900,000	-	\$ 460,000	\$ 1,440,000	\$ 470,000
Sewer System Refunding Revenue Bonds, Series 2013	14,339,778	-	1,430,742	12,909,036	1,471,994
Note payable, State Revolving Loan	1,202,377	-	329,721	872,656	340,592
	<u>17,442,155</u>	<u>-</u>	<u>2,220,463</u>	<u>15,221,692</u>	<u>2,282,586</u>
Compensated absences	326,192	259,579	215,511	370,260	249,374
OPEB liability	709,890	8,117	-	718,007	-
Other	520,891	37,866	-	558,757	-
Total business-type activities	<u>\$ 18,999,128</u>	<u>\$ 305,562</u>	<u>\$ 2,435,974</u>	<u>\$ 16,868,716</u>	<u>\$ 2,531,960</u>
Total long-term debt and liabilities	<u>\$ 47,286,529</u>	<u>\$ 4,859,730</u>	<u>\$ 8,390,978</u>	<u>\$ 43,755,281</u>	<u>\$ 6,940,979</u>

General Obligation:

Promissory Note: A promissory note was issued for the acquisition and rehabilitation of affordable housing in the City's redevelopment district. The note is to be repaid and secured by tax increment revenue which derives from such area. Issued at not to exceed \$ 2,500,000, and fully drawn down, on October 1, 2003, the City converted the then revolving facility to a term loan at a fixed interest rate of 2.56%. This note was payable in varying annual installments of principal and interest not exceeding \$ 158,335 through its maturity on October 1, 2018. Payment of this note was secured by the Tax Increment Revenues, and to the extent necessary, by a covenant to budget and appropriate Non-Ad Valorem Revenues of the City.

12. Long-Term Debt and Liabilities

Capital Lease:

Municipal Equipment Lease Purchase: In December 2016, the City entered a municipal equipment lease-purchase agreement with a third party for the acquisition of certain equipment in the amount of \$ 840,295. The lease is payable in varying annual installments of principal and interest through its maturity of December 1, 2019. A fixed interest rate of 2.95% was applied to the balance at December 1, 2018.

The municipal lease requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ <u>414,041</u>	\$ <u>12,214</u>	\$ <u>426,255</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 annually at installments ranging from \$ 460,000 to \$ 490,000 through maturity on 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>	
2020	\$ 470,000	\$ 24,944	\$ 1,471,994	\$ 322,594	\$ 2,289,532
2021	480,000	15,112	1,509,802	283,086	2,288,000
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 - 2027	-	-	5,152,160	207,377	5,359,537
	\$ <u>1,440,000</u>	\$ <u>45,128</u>	\$ <u>12,909,036</u>	\$ <u>1,414,411</u>	\$ <u>15,808,575</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, 2019, the City is in compliance with all reporting and disclosure requirements. Required disclosures as of September 30, 2019, 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:

	2018		2019		2020
Base charge	\$ 22.77		\$ 22.77		\$ 23.57
Commodity charge	\$ 4.51		\$ 4.51		\$ 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 of \$ 366,367 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>
2020	\$ 340,592	\$ 25,775	\$ 366,367
2021	351,820	14,547	366,367
2022	<u>180,244</u>	<u>2,941</u>	<u>183,185</u>
	<u>\$ 872,656</u>	<u>\$ 43,263</u>	<u>\$ 915,919</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, 2018:

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Amortization/ Retirements</u>	<u>Balance December 31, 2018</u>	<u>Due Within One Year</u>
Notes payable	\$ 7,396,643	\$ -	\$ 2,279,579	\$ 5,117,064	\$ 80,905
Revenue notes	35,244,378	9,864,970	892,045	44,217,303	1,347,257
Compensated absences	368,618	331,140	281,652	418,106	62,789
Net pension liability	-	1,667,056	-	1,667,056	-
OPEB liability	<u>1,114,093</u>	<u>-</u>	<u>68,139</u>	<u>1,045,954</u>	<u>-</u>
Total long-term debt and liabilities	<u>\$ 44,123,732</u>	<u>\$ 11,863,166</u>	<u>\$ 3,521,415</u>	<u>\$ 52,465,483</u>	<u>\$ 1,490,951</u>

12. Long-Term Debt and Liabilities (continued)

Notes, as of December 31, 2018, 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.	\$ 2,842,064
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>\$ 5,117,064</u>

Revenue Notes, as of December 31, 2018, 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 \$ 8,324,670 and \$ 1,715,729, respectively.	\$ 10,040,399
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."	7,707,169

12. Long-Term Debt and Liabilities (continued)

Revenue Notes Description (continued):

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 \$ 7,969,313, \$ 1,279,495 and \$ 9,962,107, respectively.

19,210,915

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.

2,210,000

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.

1,358,653

\$ 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.

2,212,127

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.

1,478,040

\$ 44,217,303

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
2019	\$ 80,905	\$ 53,314	\$ 1,347,257	\$ 1,444,600
2020	84,671	49,547	1,373,653	1,398,488
2021	88,613	45,604	1,425,353	1,346,790
2022	92,739	41,479	1,477,050	1,295,091
2023	97,057	138,459	1,530,689	1,241,455
2024-2028	557,428	87,706	13,725,651	4,350,122
2029-2033	204,651	1,177	6,024,518	3,068,535
2034-2038	1,500,000	-	9,385,082	1,771,603
2039-2043	2,411,000	-	4,871,791	853,929
Thereafter	-	-	3,056,259	117,134
Totals	\$ <u>5,117,064</u>	\$ <u>417,286</u>	\$ <u>44,217,303</u>	\$ <u>16,887,747</u>

13. Interfund Assets and Liabilities

A summary of interfund receivable and payable balances at September 30, 2019 are as follows:

Interfund Items (current)	Receivables	Payables
Governmental Funds:		
General	\$ 286,301	\$ -
Gas Tax	413,911	-
Capital Projects	425	-
Infrastructure Surtax	847	-
Transportation Alternative	2,760	-
Truman Waterfront	1,911	109,000
Bahama Village	212	-
Caroline Street	212	-
Enterprise Funds:		
Sanitary Sewer System	1,062	-
Solid Waste	1,911	-
Key West Bight	7,855	-
Stormwater	214	-
Transit System	10,405	412,000
Garrison Bight	4,885	-
Internal Service Fund:		
Insurance Programs	-	211,911
Totals	\$ <u>732,911</u>	\$ <u>732,911</u>

The balances in the various Governmental and Enterprise Funds above are results of underfunding or overfunding of the Insurance Programs Fund. Additionally, these interfund balances can result from working capital needs and expenditures related to Hurricane Irma. 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, 2019 are as follows:

<u>Advances (long-term)</u>	<u>Receivables</u>	<u>Payables</u>
Governmental Funds:		
General	\$ 1,102,944	\$ -
Enterprise Funds:		
Sanitary Sewer System	1,425,057	-
Stormwater	<u>-</u>	<u>2,528,001</u>
Totals	\$ <u><u>2,528,001</u></u>	\$ <u><u>2,528,001</u></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, 2019 is as follows:

<u>Transfers</u>	<u>In</u>	<u>Out</u>
Governmental Funds:		
General	\$ 8,291,469 a,b,c	\$ 981,915 e,g
Gas Tax	2,005,574 d	221,460 c,f
Infrastructure Surtax	2,525,000 d	3,917,531 c,b,d
Capital Projects	264,246 d	10,866 c
Community Development Office	200,000 h	-
Nonmajor funds	1,123,066 d,e	3,487,917 c,h,f
Enterprise Funds:		
Sanitary Sewer System	-	797,900 c,i
Solid Waste	-	1,802,351 a,c,i
Key West Bight	2,549,404 d	5,366,094 a,c,i
Stormwater	672,000 d	186,656 c,i
Transit System	547,740 d,g	582,117 a,c,d,i
Garrison Bight	47,417 j	354,655 a,c,i
Internal Service Fund:		
Insurance Programs	<u>-</u>	<u>516,454 c,j</u>
Totals	\$ <u><u>18,225,916</u></u>	\$ <u><u>18,225,916</u></u>

Reasons for these transfers are set forth below:

- | | |
|--|--|
| a) Payments in lieu of taxes | e) Tax increment funding |
| b) 10% of the budgeted discretionary sales surtax revenues | f) Subsidy for transit programs and projects |
| c) Cost allocation and recovery of general fund services | g) Various operating costs |
| d) Various infrastructure and other capital projects | h) Homebuyers assistance program |
| | i) Franchise & right of way |
| | j) Emergency repairs of docks |

15. 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, 2019.

16. Fund Balance Deficit

At September 30, 2019, the Truman Waterfront Fund had a deficit fund balance of \$ 115,204. The City expects to seek and obtain additional funding to reduce certain expenditures and any remaining deficiencies will be funded by the General Fund.

17. Subsequent Event

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, investment declines and economic uncertainties have arisen which are likely to negatively impact the financial statements. Other financial impact could occur though such potential impact is unknown at this time. No adjustments have been made to the accompanying statements as a result of these events.

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year:	9/30/2019	9/30/2018
Measurement Date:	<u>9/30/2019</u>	<u>9/30/2018</u>
Total OPEB liability:		
Service cost	\$ 630,042	\$ 751,138
Interest on total OPEB Liability	313,949	290,240
Difference between expected and actual experience	(800,543)	-
Changes of assumptions or other inputs	45,947	(292,432)
Benefits payments - implicit	<u>(73,418)</u>	<u>(172,454)</u>
Net change in total OPEB liability	115,977	576,492
Total OPEB liability - beginning	8,661,685	8,085,193
Total OPEB liability - ending	<u>\$ 8,777,662</u>	<u>\$ 8,661,685</u>
Covered payroll	\$ 28,514,525	\$ 28,319,809
Total OPEB liability as a percentage of covered payroll	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 3.64% as of the beginning of the measurement period to 3.58%, as of September 30, 2019.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:						
Service cost	\$ 1,652,798	\$ 1,472,641	\$ 1,427,943	\$ 1,269,240	\$ 1,154,040	\$ 1,134,108
Interest	4,122,010	3,944,192	3,791,376	3,499,027	3,277,233	3,149,825
Differences between expected and actual experience	(1,376,405)	(180,469)	1,851,258	1,253,381	(189,114)	(795,460)
Assumption changes	1,611,968	-	43,681	(97,983)	-	1,479,338
Benefit payments, including refunds of member contributions	<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>
Net change in total pension liability	2,892,092	2,115,046	4,072,539	3,188,641	1,570,397	2,706,418
Total pension liability - beginning	<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>
Total pension liability - ending (A)	<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>
Plan fiduciary net position:						
Contributions - employer	\$ 998,882	\$ 991,645	\$ 752,506	\$ 730,895	\$ 842,957	\$ 919,864
Contributions - members	832,985	790,420	797,975	769,999	708,253	655,206
Net investment earnings	1,577,081	5,148,560	6,120,262	3,511,656	555,804	4,431,002
Benefit payments, including refunds of member contributions	(3,118,279)	(3,121,318)	(3,041,719)	(2,735,024)	(2,671,762)	(2,261,393)
Administrative expenses	<u>(168,255)</u>	<u>(184,725)</u>	<u>(184,764)</u>	<u>(211,426)</u>	<u>(163,130)</u>	<u>(142,131)</u>
Net change in plan fiduciary net position	122,414	3,624,582	4,444,260	2,066,100	(727,878)	3,602,548
Plan fiduciary net position - beginning	<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>
Plan fiduciary net position - ending (B)	<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>
City's net pension liability (asset)- ending (A) - (B)	<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>
Plan fiduciary net position as a percentage of the total pension liability	99.21%	104.21%	101.52%	100.89%	103.41%	108.75%
Covered payroll	\$ 13,882,991	\$ 13,173,649	\$ 13,299,209	\$ 13,093,472	\$ 11,773,303	\$ 10,500,212
City's net pension liability (asset) as percentage of covered payroll	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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:						
Service cost	\$ 1,883,330	\$ 1,916,291	\$ 1,779,015	\$ 1,616,830	\$ 1,454,687	\$ 1,481,267
Interest	9,732,692	9,352,467	8,704,537	7,783,325	7,402,128	7,063,784
Differences between expected and actual experience	(710,726)	1,924,924	2,335,251	473,539	260,206	-
Assumption changes	-	536,041	3,930,249	1,231,928	2,284,845	-
Benefit payments, including refunds of member contributions	<u>(6,204,206)</u>	<u>(5,835,862)</u>	<u>(4,973,927)</u>	<u>(4,852,091)</u>	<u>(4,300,292)</u>	<u>(4,065,051)</u>
Net change in total pension liability	4,701,090	7,893,861	11,775,125	6,253,531	7,101,574	4,480,000
Total pension liability - beginning	<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>
Total pension liability - ending (A)	<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>
Plan fiduciary net position:						
Contributions - employer	\$ 4,375,564	\$ 3,765,235	\$ 3,581,684	\$ 2,835,282	\$ 2,801,375	\$ 2,975,423
Contributions - state	640,814	645,479	572,152	532,550	578,511	727,859
Contributions - members	935,670	872,519	895,491	822,496	777,269	764,013
Net investment earnings	4,081,027	10,642,484	11,413,677	7,042,214	614,041	8,116,554
Benefit payments, including refunds of member contributions	(6,204,206)	(5,835,862)	(4,973,927)	(4,852,091)	(4,300,292)	(4,065,051)
Administrative expenses	<u>(205,265)</u>	<u>(165,342)</u>	<u>(182,082)</u>	<u>(175,719)</u>	<u>(142,080)</u>	<u>(109,548)</u>
Net change in plan fiduciary net position	3,623,604	9,924,513	11,306,995	6,204,732	328,824	8,409,250
Plan fiduciary net position - beginning	<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>
Plan fiduciary net position - ending (B)	<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>
City's net pension liability (asset) - ending (A) - (B)	<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>
Plan fiduciary net position as a percentage of the total pension liability	91.56%	92.14%	89.72%	88.96%	88.25%	95.30%
Covered payroll	\$ 12,249,085	\$ 12,324,694	\$ 11,570,527	\$ 11,325,253	\$ 9,977,377	\$ 10,553,410
City's net pension liability (asset) as a percentage of covered payroll	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)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 960	\$ 992	\$ 664	\$ 475	\$ 475	\$ 636	\$ 987	\$ 843	\$ 684	\$ 640
Contributions in relation to the actuarially determined contribution	<u>999</u>	<u>992</u>	<u>753</u>	<u>731</u>	<u>843</u>	<u>920</u>	<u>987</u>	<u>879</u>	<u>1,133</u>	<u>1,164</u>
Contribution deficiency (excess)	\$ <u>(39)</u>	\$ <u>-</u>	\$ <u>(89)</u>	\$ <u>(256)</u>	\$ <u>(368)</u>	\$ <u>(284)</u>	\$ <u>-</u>	\$ <u>(36)</u>	\$ <u>(449)</u>	\$ <u>(524)</u>
Covered payroll	\$ 13,883	\$ 13,174	\$ 13,300	\$ 13,093	\$ 11,773	\$ 10,500	\$ 9,945	\$ 9,609	\$ 9,939	\$ 10,277
Contributions as a percentage of covered payroll	7.20%	7.53%	5.66%	5.58%	7.16%	8.76%	9.92%	9.15%	11.40%	11.33%

Notes to Schedule:

Valuation date: October 1, 2017

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	2.75%
Projected salary increases	3.75% - 6.00%
Investment rate of return	7.50%
Cost of living adjustments	None
Retirement rates	Experience-based table rates that are specific to the type of eligibility condition
Mortality	Healthy Male Members: RP-2000 Annuitant Male Mortality Table, with 50% White Collar / 50% Blue Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB. Healthy Female Members: RP-2000 Annuitant Female Mortality Table, with White Collar Adjustment and fully generational mortality improvements projected to each future decrement date with Scale BB. Disabled Male Members: RP-2000 Disabled Male Mortality Table, setback four years, without projected mortality improvements. Disabled Female Members: RP-2000 Disabled Female Mortality Table, set forward two years, without projected mortality improvements.
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)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 4,385	\$ 4,411	\$ 4,153	\$ 3,356	\$ 3,323	\$ 3,497	\$ 3,468	\$ 3,214	\$ 2,898	\$ 2,548
Contributions in relation to the actuarially determined contribution	<u>4,385</u>	<u>4,411</u>	<u>4,153</u>	<u>3,356</u>	<u>3,323</u>	<u>3,497</u>	<u>3,468</u>	<u>3,214</u>	<u>2,898</u>	<u>2,548</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 12,249	\$ 12,325	\$ 11,571	\$ 11,325	\$ 9,977	\$ 10,051	\$ 9,634	\$ 9,645	\$ 9,681	\$ 8,738
Contributions as a percentage of covered payroll	35.80%	35.79%	35.89%	29.63%	33.31%	34.79%	36.00%	33.32%	29.93%	29.16%

Notes to Schedule:

Valuation date: October 1, 2018

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	3.00%
Projected salary increases	4.50% per annum
Investment rate of return	7.40%, 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	For female non-disabled: RP-2000 generational, 100% Annuitant White Collar, Scale BB. For male non-disabled: RP-2000 Generational, 10% Annuitant White Collar/ 90% Annuitant Blue Collar, Scale BB. For female disabled: 60% RP-2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. For male disabled: 60% RP-2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.
Changes since last valuation	Investment rate of return updated.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual money-weighted rate of return, net of investment expense	2.46%	9.32%	12.15%	7.13%	0.95%	9.86%	12.27%	14.52%	(1.98%)	8.51%

City of Key West, Florida
Required Supplementary Information
(Unaudited)
Schedule of Investment Returns
Police Officers' and Firefighters' Pension Trust Fund

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual money-weighted rate of return, net of investment expense	3.9%	10.5%	13.8%	9.4%	(0.2%)	12.6%	16.3%	20.2%	(3.3%)	6.3%

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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.

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**City of Key West, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019**

	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	
Assets:										
Cash, cash equivalents and investments	\$ 105,926	\$ 970,991	\$ 617,769	\$ 2,608,793	\$ 2,430,107	\$ 547,415	\$ 155,774	\$ 630,524	\$ 336	\$ 8,067,635
Receivables (net of allowance for uncollectibles):										
Intergovernmental	-	15,550	-	-	66,118	-	75,000	188,160	-	344,828
Interfund receivables	-	-	-	212	-	212	-	2,760	1,911	5,095
Prepays	-	-	-	-	-	-	-	-	228	228
Total assets	<u>\$ 105,926</u>	<u>\$ 986,541</u>	<u>\$ 617,769</u>	<u>\$ 2,609,005</u>	<u>\$ 2,496,225</u>	<u>\$ 547,627</u>	<u>\$ 230,774</u>	<u>\$ 821,444</u>	<u>\$ 2,475</u>	<u>\$ 8,417,786</u>
Liabilities:										
Accounts payable	\$ -	\$ 39,279	\$ 266,866	\$ 32,306	\$ 100,507	\$ 1,179	\$ 9,015	\$ 3,974	\$ 908	\$ 454,034
Accrued payroll and related expenditures	-	-	-	611	-	611	-	11,221	7,771	20,214
Interfund payable	-	-	-	-	-	-	-	-	109,000	109,000
Unearned revenue	-	-	-	-	-	-	2,686	-	-	2,686
Total liabilities	<u>-</u>	<u>39,279</u>	<u>266,866</u>	<u>32,917</u>	<u>100,507</u>	<u>1,790</u>	<u>11,701</u>	<u>15,195</u>	<u>117,679</u>	<u>585,934</u>
Deferred Inflows of Resources:										
Unavailable revenue - grant funding	-	-	-	-	-	-	75,000	96,197	-	171,197
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>96,197</u>	<u>-</u>	<u>171,197</u>
Fund Balances:										
Nonspendable:										
Prepays	-	-	-	-	-	-	-	-	228	228
Restricted for:										
Law enforcement	105,926	-	-	-	-	-	-	-	-	105,926
Natural resources	-	947,262	-	-	-	-	-	-	-	947,262
Housing initiatives and urban redevelopment	-	-	350,903	2,576,088	-	545,837	-	-	-	3,472,828
Transportation	-	-	-	-	2,395,718	-	-	710,052	-	3,105,770
Committed to:										
Art in public places	-	-	-	-	-	-	144,073	-	-	144,073
Unassigned (deficit)	-	-	-	-	-	-	-	-	(115,432)	(115,432)
Total fund balances (deficit)	<u>105,926</u>	<u>947,262</u>	<u>350,903</u>	<u>2,576,088</u>	<u>2,395,718</u>	<u>545,837</u>	<u>144,073</u>	<u>710,052</u>	<u>(115,204)</u>	<u>7,660,655</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 105,926</u>	<u>\$ 986,541</u>	<u>\$ 617,769</u>	<u>\$ 2,609,005</u>	<u>\$ 2,496,225</u>	<u>\$ 547,627</u>	<u>\$ 230,774</u>	<u>\$ 821,444</u>	<u>\$ 2,475</u>	<u>\$ 8,417,786</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, 2019

	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	
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ 511,655	\$ -	\$ 496,509	\$ -	\$ -	\$ -	\$ 1,008,164
Intergovernmental	84,495	310,414	-	-	-	-	-	213,878	-	608,787
Charges for services	-	-	509,997	-	1,068,035	-	-	707,695	477,431	2,763,158
Investment earnings	2,821	47,234	26,806	71,255	528	63,497	7,922	18,094	5,664	243,821
Contributions and other	-	-	-	75	-	-	2,747	-	-	2,822
Total revenues	87,316	357,648	536,803	582,985	1,068,563	560,006	10,669	939,667	483,095	4,626,752
Expenditures:										
Current:										
General government	-	1,306,358	-	-	-	-	-	-	-	1,306,358
Public safety	27,606	-	-	-	-	-	-	-	-	27,606
Transportation	-	-	-	-	233,983	-	-	621,236	-	855,219
Economic environment	-	-	903,842	43,157	-	18,149	85,041	-	-	1,050,189
Culture and recreation	-	-	-	-	-	-	-	-	699,050	699,050
Capital outlay	-	-	-	219,295	-	-	187,895	-	81,103	488,293
Debt service	-	-	-	146,897	-	-	-	-	-	146,897
Total expenditures	27,606	1,306,358	903,842	409,349	233,983	18,149	272,936	621,236	780,153	4,573,612
Excess (deficiency) of revenues over expenditures	59,710	(948,710)	(367,039)	173,636	834,580	541,857	(262,267)	318,431	(297,058)	53,140
Other Financing Sources (Uses):										
Transfers in	-	-	-	418,973	-	406,571	-	174,373	123,149	1,123,066
Transfers out	(4,928)	(35,534)	(204,816)	(32,867)	-	(2,550,910)	(6,023)	(562,761)	(90,078)	(3,487,917)
Total other financing sources (uses)	(4,928)	(35,534)	(204,816)	386,106	-	(2,144,339)	(6,023)	(388,388)	33,071	(2,364,851)
Net change in fund balances	54,782	(984,244)	(571,855)	559,742	834,580	(1,602,482)	(268,290)	(69,957)	(263,987)	(2,311,711)
Fund Balances, October 1	51,144	1,931,506	922,758	2,016,346	1,561,138	2,148,319	412,363	780,009	148,783	9,972,366
Fund Balances (deficit), September 30	\$ 105,926	\$ 947,262	\$ 350,903	\$ 2,576,088	\$ 2,395,718	\$ 545,837	\$ 144,073	\$ 710,052	\$ (115,204)	\$ 7,660,655

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 84,495	\$ 84,495
Investment earnings	-	-	2,821	2,821
Total revenues	<u>-</u>	<u>-</u>	<u>87,316</u>	<u>87,316</u>
Expenditures:				
Operating	30,753	30,753	23,606	7,147
Capital outlay	5,000	5,000	-	5,000
Aid to private organizations	4,000	4,000	4,000	-
Total expenditures	<u>39,753</u>	<u>39,753</u>	<u>27,606</u>	<u>12,147</u>
Excess (deficiency) of revenues over expenditures	<u>(39,753)</u>	<u>(39,753)</u>	<u>59,710</u>	<u>99,463</u>
Other Financing Sources (Uses):				
Transfers out	<u>(4,928)</u>	<u>(4,928)</u>	<u>(4,928)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,928)</u>	<u>(4,928)</u>	<u>(4,928)</u>	<u>-</u>
Net change in fund balance	<u>\$ (44,681)</u>	<u>\$ (44,681)</u>	54,782	<u>\$ 99,463</u>
Fund Balance, October 1			<u>51,144</u>	
Fund Balance, September 30			<u>\$ 105,926</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 310,414	\$ 60,414
Investment earnings	<u>5,000</u>	<u>5,000</u>	<u>47,234</u>	<u>42,234</u>
Total revenues	<u>255,000</u>	<u>255,000</u>	<u>357,648</u>	<u>102,648</u>
Expenditures:				
Operating	<u>246,276</u>	<u>246,276</u>	<u>1,306,358</u>	<u>(1,060,082)</u>
Total expenditures	<u>246,276</u>	<u>246,276</u>	<u>1,306,358</u>	<u>(1,060,082)</u>
Excess (deficiency) of revenue over expenditures	<u>8,724</u>	<u>8,724</u>	<u>(948,710)</u>	<u>(957,434)</u>
Other Financing Sources (Uses):				
Transfers out	<u>(35,534)</u>	<u>(35,534)</u>	<u>(35,534)</u>	<u>-</u>
Total other financing sources (uses)	<u>(35,534)</u>	<u>(35,534)</u>	<u>(35,534)</u>	<u>-</u>
Net change in fund balance	\$ <u><u>(26,810)</u></u>	\$ <u><u>(26,810)</u></u>	(984,244)	\$ <u><u>(957,434)</u></u>
Fund Balance, October 1			<u>1,931,506</u>	
Fund Balance, September 30			\$ <u><u>947,262</u></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, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 513,501	\$ 513,501	\$ 509,997	\$ (3,504)
Investment earnings	<u>2,500</u>	<u>2,500</u>	<u>26,806</u>	<u>24,306</u>
Total revenues	<u>516,001</u>	<u>516,001</u>	<u>536,803</u>	<u>20,802</u>
Expenditures:				
Operating	725	1,222,819	903,842	318,977
Aid to private organizations	<u>1,125,094</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,125,819</u>	<u>1,222,819</u>	<u>903,842</u>	<u>318,977</u>
Excess (deficiency) of revenues over expenditures	<u>(609,818)</u>	<u>(706,818)</u>	<u>(367,039)</u>	<u>339,779</u>
Other Financing Sources (Uses):				
Transfers out	<u>(204,816)</u>	<u>(204,816)</u>	<u>(204,816)</u>	<u>-</u>
Total other financing sources (uses)	<u>(204,816)</u>	<u>(204,816)</u>	<u>(204,816)</u>	<u>-</u>
Net change in fund balance	\$ <u><u>(814,634)</u></u>	\$ <u><u>(911,634)</u></u>	(571,855)	\$ <u><u>339,779</u></u>
Fund Balance, October 1			<u>922,758</u>	
Fund Balance, September 30			\$ <u><u>350,903</u></u>	

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, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 510,206	\$ 511,655	\$ 511,655	\$ -
Investment earnings	5,000	5,000	71,255	66,255
Contributions and other	-	-	75	75
Total revenues	<u>515,206</u>	<u>516,655</u>	<u>582,985</u>	<u>66,330</u>
Expenditures:				
Personnel services	-	14,272	14,622	(350)
Operating	3,577	3,577	4,843	(1,266)
Capital outlay	424,371	424,371	219,295	205,076
Debt service	146,986	146,986	146,897	89
Aid to private organizations	259,154	284,922	23,692	261,230
Total expenditures	<u>834,088</u>	<u>874,128</u>	<u>409,349</u>	<u>464,779</u>
Excess (deficiency) of revenues over expenditures	<u>(318,882)</u>	<u>(357,473)</u>	<u>173,636</u>	<u>531,109</u>
Other Financing Sources (Uses):				
Transfers in	428,745	418,973	418,973	-
Transfers out	(32,867)	(32,867)	(32,867)	-
Total other financing sources (uses)	<u>395,878</u>	<u>386,106</u>	<u>386,106</u>	<u>-</u>
Net change in fund balance	\$ <u><u>76,996</u></u>	\$ <u><u>28,633</u></u>	559,742	\$ <u><u>531,109</u></u>
Fund Balance, October 1			<u>2,016,346</u>	
Fund Balance, September 30			\$ <u><u>2,576,088</u></u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Navy Pier Payments Fund - Special Revenue Fund
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ -	\$ 839,925	\$ 1,068,035	\$ 228,110
Investment earnings	-	-	528	528
Total revenues	<u>-</u>	<u>839,925</u>	<u>1,068,563</u>	<u>228,638</u>
Expenditures:				
Operating	-	806,151	233,983	572,168
Total expenditures	<u>-</u>	<u>806,151</u>	<u>233,983</u>	<u>572,168</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>33,774</u>	<u>834,580</u>	<u>800,806</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>33,774</u>	834,580	\$ <u>800,806</u>
Fund Balance, October 1			<u>1,561,138</u>	
Fund Balance, September 30			\$ <u>2,395,718</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, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 508,497	\$ 496,509	\$ 496,509	\$ -
Investment earnings	7,500	7,500	63,497	55,997
Total revenues	<u>515,997</u>	<u>504,009</u>	<u>560,006</u>	<u>55,997</u>
Expenditures:				
Personnel services	-	14,272	14,622	(350)
Operating	1,514	1,514	3,527	(2,013)
Total expenditures	<u>1,514</u>	<u>15,786</u>	<u>18,149</u>	<u>(2,363)</u>
Excess (deficiency) of revenues over expenditures	<u>514,483</u>	<u>488,223</u>	<u>541,857</u>	<u>53,634</u>
Other Financing Sources (Uses):				
Transfers in	427,309	406,571	406,571	-
Transfers out	(25,910)	(2,550,910)	(2,550,910)	-
Total other financing sources (uses)	<u>401,399</u>	<u>(2,144,339)</u>	<u>(2,144,339)</u>	<u>-</u>
Net change in fund balance	<u>\$ 915,882</u>	<u>\$ (1,656,116)</u>	<u>(1,602,482)</u>	<u>\$ 53,634</u>
Fund Balance, October 1			<u>2,148,319</u>	
Fund Balance, September 30			<u>\$ 545,837</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, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 75,000	\$ 75,000	\$ -	\$ (75,000)
Investment earnings	-	-	7,922	7,922
Contributions and other	-	-	2,747	2,747
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>10,669</u>	<u>(64,331)</u>
Expenditures:				
Personnel services	-	250	455	(205)
Operating	102,943	110,746	84,586	26,160
Capital outlay	-	241,870	187,895	53,975
Total expenditures	<u>102,943</u>	<u>352,866</u>	<u>272,936</u>	<u>79,930</u>
Excess (deficiency) of revenues over expenditures	<u>(27,943)</u>	<u>(277,866)</u>	<u>(262,267)</u>	<u>15,599</u>
Other Financing Sources (Uses):				
Transfers out	<u>(6,023)</u>	<u>(6,023)</u>	<u>(6,023)</u>	<u>-</u>
Total other financing sources (uses)	<u>(6,023)</u>	<u>(6,023)</u>	<u>(6,023)</u>	<u>-</u>
Net change in fund balance	<u>\$ (33,966)</u>	<u>\$ (283,889)</u>	<u>(268,290)</u>	<u>\$ 15,599</u>
Fund Balance, October 1			<u>412,363</u>	
Fund Balance, September 30			<u>\$ 144,073</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, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 390,404	\$ 398,904	\$ 213,878	\$ (185,026)
Charges for services	803,179	803,179	707,695	(95,484)
Investment earnings	-	-	18,094	18,094
Total revenues	<u>1,193,583</u>	<u>1,202,083</u>	<u>939,667</u>	<u>(262,416)</u>
Expenditures:				
Personnel services	520,799	572,362	430,995	141,367
Operating	231,152	248,152	190,241	57,911
Total expenditures	<u>751,951</u>	<u>820,514</u>	<u>621,236</u>	<u>199,278</u>
Excess (deficiency) of revenues over expenditures	<u>441,632</u>	<u>381,569</u>	<u>318,431</u>	<u>(63,138)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	174,373	174,373
Transfers out	<u>(562,761)</u>	<u>(562,761)</u>	<u>(562,761)</u>	<u>-</u>
Total other financing sources (uses)	<u>(562,761)</u>	<u>(562,761)</u>	<u>(388,388)</u>	<u>174,373</u>
Net change in fund balance	<u>\$ (121,129)</u>	<u>\$ (181,192)</u>	<u>(69,957)</u>	<u>\$ 111,235</u>
Fund Balance, October 1			<u>780,009</u>	
Fund Balance, September 30			<u>\$ 710,052</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, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 512,718	\$ 512,718	\$ 477,431	\$ (35,287)
Investment earnings	2,500	2,500	5,664	3,164
Total revenues	<u>515,218</u>	<u>515,218</u>	<u>483,095</u>	<u>(32,123)</u>
Expenditures:				
Personnel services	287,935	361,827	318,072	43,755
Operating	278,432	278,432	380,978	(102,546)
Capital outlay	80,500	80,500	81,103	(603)
Total expenditures	<u>646,867</u>	<u>720,759</u>	<u>780,153</u>	<u>(59,394)</u>
Excess (deficiency) of revenues over expenditures	<u>(131,649)</u>	<u>(205,541)</u>	<u>(297,058)</u>	<u>(91,517)</u>
Other Financing Sources (Uses):				
Transfers in	114,278	123,149	123,149	-
Transfers out	<u>(90,078)</u>	<u>(90,078)</u>	<u>(90,078)</u>	<u>-</u>
Total other financing sources (uses)	<u>24,200</u>	<u>33,071</u>	<u>33,071</u>	<u>-</u>
Net change in fund balance	<u>\$ (107,449)</u>	<u>\$ (172,470)</u>	<u>(263,987)</u>	<u>\$ (91,517)</u>
Fund Balance, October 1			<u>148,783</u>	
Fund Balance (deficit), September 30			<u>\$ (115,204)</u>	

City of Key West, Florida
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Infrastructure Surtax Fund - A Capital Projects Fund
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 9,343,620	\$ 9,343,620	\$ 9,193,565	\$ (150,055)
Intergovernmental	1,489,000	1,368,575	100,506	(1,268,069)
Investment earnings	-	-	91,921	91,921
Total revenues	<u>10,832,620</u>	<u>10,712,195</u>	<u>9,385,992</u>	<u>(1,326,203)</u>
Expenditures:				
Personnel services	227,459	227,459	225,900	1,559
Operating	8,587	8,587	357,098	(348,511)
Debt service	-	426,254	426,254	-
Capital outlay	8,716,078	11,591,327	9,990,095	1,601,232
Aid to private organizations	-	90,000	90,000	-
Total expenditures	<u>8,952,124</u>	<u>12,343,627</u>	<u>11,089,347</u>	<u>1,254,280</u>
Excess (deficiency) of revenues over expenditures	<u>1,880,496</u>	<u>(1,631,432)</u>	<u>(1,703,355)</u>	<u>(71,923)</u>
Other Financing Sources (Uses):				
Transfers in	-	2,525,000	2,525,000	-
Transfers out	(3,911,546)	(3,917,531)	(3,917,531)	-
Sale of general capital assets	-	-	17,000	17,000
Total other financing sources (uses)	<u>(3,911,546)</u>	<u>(1,392,531)</u>	<u>(1,375,531)</u>	<u>17,000</u>
Net change in fund balance	\$ <u>(2,031,050)</u>	\$ <u>(3,023,963)</u>	(3,078,886)	\$ <u>(54,923)</u>
Fund Balance, October 1			<u>6,288,881</u>	
Fund Balance, September 30			\$ <u>3,209,995</u>	

City of Key West, Florida
Schedules of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,950,000	\$ 1,950,000	\$ -	\$ (1,950,000)
Investment earnings	5,000	5,000	12,921	7,921
Total revenues	<u>1,955,000</u>	<u>1,955,000</u>	<u>12,921</u>	<u>(1,942,079)</u>
Expenditures:				
Personnel services	114,246	114,246	59,460	54,786
Operating	394	394	394	-
Capital outlay	2,100,000	2,100,000	208,059	1,891,941
Total expenditures	<u>2,214,640</u>	<u>2,214,640</u>	<u>267,913</u>	<u>1,946,727</u>
Excess (deficiency) of revenues over expenditures	<u>(259,640)</u>	<u>(259,640)</u>	<u>(254,992)</u>	<u>4,648</u>
Other Financing Sources (Uses):				
Transfers in	264,246	264,246	264,246	-
Transfers out	(10,866)	(10,866)	(10,866)	-
Total other financing sources (uses)	<u>253,380</u>	<u>253,380</u>	<u>253,380</u>	<u>-</u>
Net change in fund balance	<u>\$ (6,260)</u>	<u>\$ (6,260)</u>	<u>(1,612)</u>	<u>\$ 4,648</u>
Fund Balance, October 1			<u>583,517</u>	
Fund Balance, September 30			<u>\$ 581,905</u>	

FIDUCIARY FUNDS OVERVIEW

Fiduciary funds are used to account for assets held by the City in a trustee capacity. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. 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, 2019

	Pension Trust Funds		
	General Employees	Police and Fire	Total
Assets:			
Cash and cash equivalents	\$ 767,670	\$ 5,414,684	\$ 6,182,354
Investments, at fair value:			
Equity securities	34,429,539	73,269,319	107,698,858
Corporate and foreign bonds and bond funds	8,342,783	7,197,142	15,539,925
Fixed income fund	-	5,665,086	5,665,086
Alternative investments	7,175,654	4,722,054	11,897,708
U.S. government securities	2,204,713	9,153,442	11,358,155
Collateralized mortgage obligations	3,918,968	-	3,918,968
Municipal obligations	504,857	57,483	562,340
Real estate	-	5,515,000	5,515,000
Receivables:			
Interest and dividends	101,996	149,063	251,059
Other	-	638,314	638,314
Total assets	<u>57,446,180</u>	<u>111,781,587</u>	<u>169,227,767</u>
Liabilities:			
Accounts payable and accrued expenses	<u>32,913</u>	<u>125,872</u>	<u>158,785</u>
Total liabilities	<u>32,913</u>	<u>125,872</u>	<u>158,785</u>
Net Position:			
Restricted for pension benefits	<u>\$ 57,413,267</u>	<u>\$ 111,655,715</u>	<u>\$ 169,068,982</u>

City of Key West, Florida
Combining Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended September 30, 2019

	Pension Trust Funds		
	General Employees	Police and Fire	Total
Additions:			
Contributions:			
Employer	\$ 998,882	\$ 4,375,564	\$ 5,374,446
Members	832,985	935,670	1,768,655
State police and fire	-	640,814	640,814
Total contributions	1,831,867	5,952,048	7,783,915
Investment earnings:			
Net appreciation (depreciation) in fair value of investments	245,042	1,059,297	1,304,339
Interest and dividends	1,594,601	3,568,882	5,163,483
Total investment earnings	1,839,643	4,628,179	6,467,822
Less: Investment expenses	262,562	547,152	809,714
Net investment earnings	1,577,081	4,081,027	5,658,108
Total additions	3,408,948	10,033,075	13,442,023
Deductions:			
Benefits paid	3,118,279	6,204,206	9,322,485
Administrative expenses	168,255	205,265	373,520
Total deductions	3,286,534	6,409,471	9,696,005
Changes in net position	122,414	3,623,604	3,746,018
Net Position, October 1	57,290,853	108,032,111	165,322,964
Net Position, September 30	\$ 57,413,267	\$ 111,655,715	\$ 169,068,982

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: 106-115

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: 116-119

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

Debt Capacity: 120-124

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: 125-127

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: 128-130

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

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

	Fiscal Year									
	2010	2011	2012 ¹	2013	2014 ²	2015	2016	2017 ³	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 86,385	\$ 87,054	\$ 88,024	\$ 98,927	\$ 106,158	\$ 115,897	\$ 134,743	\$ 151,492	\$ 161,190	\$ 169,824
Restricted	31,822	36,703	41,328	39,406	34,704	31,633	22,445	19,429	18,698	16,441
Unrestricted	14,570	16,623	16,414	25,586	22,296	27,530	22,907	10,224	3,070	5,220
Total governmental activities net position	<u>\$ 132,777</u>	<u>\$ 140,380</u>	<u>\$ 145,766</u>	<u>\$ 163,919</u>	<u>\$ 163,158</u>	<u>\$ 175,060</u>	<u>\$ 180,095</u>	<u>\$ 181,145</u>	<u>\$ 182,958</u>	<u>\$ 191,485</u>
Business-type activities:										
Net investment in capital assets	\$ 115,889	\$ 118,376	\$ 113,118	\$ 115,459	\$ 116,044	\$ 123,627	\$ 129,522	\$ 129,029	\$ 129,933	\$ 131,233
Restricted	3,759	3,867	4,362	589	326	349	259	274	289	304
Unrestricted	14,951	17,443	25,228	29,476	37,658	40,073	41,043	42,994	45,782	49,407
Total business-type activities net position	<u>\$ 134,599</u>	<u>\$ 139,686</u>	<u>\$ 142,708</u>	<u>\$ 145,524</u>	<u>\$ 154,028</u>	<u>\$ 164,049</u>	<u>\$ 170,824</u>	<u>\$ 172,297</u>	<u>\$ 176,004</u>	<u>\$ 180,944</u>
Primary government:										
Net investment in capital assets	\$ 202,274	\$ 205,430	\$ 201,142	\$ 214,386	\$ 222,202	\$ 239,524	\$ 264,265	\$ 280,521	\$ 291,123	\$ 301,057
Restricted	35,581	40,570	45,690	39,995	35,030	31,982	22,704	19,703	18,987	16,745
Unrestricted	29,521	34,066	41,642	55,062	59,954	67,603	63,950	53,218	48,852	54,627
Total primary government net position	<u>\$ 267,376</u>	<u>\$ 280,066</u>	<u>\$ 288,474</u>	<u>\$ 309,443</u>	<u>\$ 317,186</u>	<u>\$ 339,109</u>	<u>\$ 350,919</u>	<u>\$ 353,442</u>	<u>\$ 358,962</u>	<u>\$ 372,429</u>

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

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

³ 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)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities:										
General government	\$ 13,355	\$ 14,797	\$ 15,520	\$ 16,670	\$ 16,419	\$ 17,011	\$ 18,008	\$ 19,479	\$ 21,829	\$ 19,426
Public safety	20,553	21,737	22,859	22,692	24,315	23,748	26,681	29,565	29,894	31,121
Physical environment	304	-	-	-	-	-	-	-	-	-
Transportation	3,586	3,364	5,339	7,770	4,462	2,765	2,748	3,486	5,762	6,852
Economic environment	5,249	2,956	3,762	1,784	1,633	1,503	861	1,063	1,517	2,228
Human services	393	394	399	488	468	506	474	459	459	510
Culture and recreation	2,152	2,321	2,600	2,567	2,456	2,689	2,702	3,827	4,276	4,785
Interest	38	34	30	26	22	19	15	11	7	4
Total governmental activities expenses	<u>45,630</u>	<u>45,603</u>	<u>50,509</u>	<u>51,997</u>	<u>49,775</u>	<u>48,241</u>	<u>51,489</u>	<u>57,890</u>	<u>63,744</u>	<u>64,926</u>
Business type activities:										
Sewer System	11,574	11,151	10,710	11,404	10,550	10,720	11,017	11,433	10,359	11,023
Solid Waste	7,337	7,444	7,268	8,753	8,042	7,578	8,938	8,074	8,464	8,021
Key West Bight	4,988	5,192	4,588	4,329	4,158	5,082	5,777	5,769	5,805	6,150
Stormwater	2,239	2,666	2,535	2,755	2,223	2,311	2,517	3,196	2,814	2,678
Garrison Bight	1,434	1,351	1,245	1,359	1,351	1,428	1,427	1,445	1,723	1,811
Transit System	3,076	2,806	2,563	2,732	2,935	2,893	3,130	3,737	4,048	4,183
Total business-type activities expenses	<u>30,648</u>	<u>30,610</u>	<u>28,909</u>	<u>31,332</u>	<u>29,259</u>	<u>30,012</u>	<u>32,806</u>	<u>33,654</u>	<u>33,213</u>	<u>33,866</u>
Total primary government expenses	<u>\$ 76,278</u>	<u>\$ 76,213</u>	<u>\$ 79,418</u>	<u>\$ 83,329</u>	<u>\$ 79,034</u>	<u>\$ 78,253</u>	<u>\$ 84,295</u>	<u>\$ 91,544</u>	<u>\$ 96,957</u>	<u>\$ 98,792</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program revenues:										
Governmental activities:										
Fee, fines and charges for services:										
General government	\$ 2,417	\$ 2,647	\$ 2,717	\$ 2,721	\$ 3,161	\$ 3,353	\$ 3,447	\$ 3,275	\$ 3,209	\$ 4,032
Public safety	2,667	2,131	2,150	2,733	3,296	5,100	4,100	4,407	4,342	5,690
Physical environment	77	-	-	-	-	-	-	-	-	-
Transportation	6,947	7,557	7,021	6,976	7,267	7,291	7,654	9,242	9,656	12,206
Economic environment	44	26	26	33	26	26	26	20	20	120
Culture and recreation	164	202	205	344	462	478	467	483	558	757
Operating grants and contributions	5,414	3,829	3,971	2,041	2,261	1,577	1,499	2,261	3,746	6,712
Capital grants and contributions	2,912	3,272	3,596	11,150	537	388	359	1,503	3,601	451
Total governmental activities program revenues	<u>20,642</u>	<u>19,664</u>	<u>19,686</u>	<u>25,998</u>	<u>17,010</u>	<u>18,213</u>	<u>17,552</u>	<u>21,191</u>	<u>25,132</u>	<u>29,968</u>
Business type activities:										
Charges for services:										
Sanitary Sewer System	11,827	12,717	11,640	12,164	11,979	11,933	11,968	11,522	11,381	11,248
Solid Waste	8,997	9,122	9,187	9,503	9,398	9,171	9,547	9,291	9,284	9,359
Key West Bight	6,460	6,825	6,974	7,047	7,465	8,896	9,021	9,621	9,709	11,394
Stormwater	2,322	2,342	2,468	2,613	2,131	2,063	2,084	2,197	2,353	2,403
Garrison Bight	1,372	1,400	1,453	1,507	1,604	1,960	1,978	2,059	1,954	2,293
Transit System	970	982	1,070	1,039	1,126	1,260	1,341	1,271	1,106	1,334
Operating grants and contributions	2,026	1,487	1,274	1,124	2,239	1,410	4,338	2,130	2,235	2,295
Capital grants and contributions	9,209	2,633	1,436	2,518	3,213	7,654	2,660	296	2,518	1,325
Total business type activities program revenues	<u>43,183</u>	<u>37,508</u>	<u>35,502</u>	<u>37,515</u>	<u>39,155</u>	<u>44,347</u>	<u>42,937</u>	<u>38,387</u>	<u>40,540</u>	<u>41,651</u>
Total primary government program revenues	<u>\$ 63,825</u>	<u>\$ 57,172</u>	<u>\$ 55,188</u>	<u>\$ 63,513</u>	<u>\$ 56,165</u>	<u>\$ 62,560</u>	<u>\$ 60,489</u>	<u>\$ 59,578</u>	<u>\$ 65,672</u>	<u>\$ 71,619</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (expense)/revenue:										
Governmental activities	\$ (24,988)	\$ (25,939)	\$ (30,823)	\$ (25,999)	\$ (32,765)	\$ (30,028)	\$ (33,937)	\$ (36,699)	\$ (38,612)	\$ (34,958)
Business type activities	12,535	6,898	6,593	6,183	9,896	14,335	10,131	4,733	7,327	7,785
Total primary government net expense	<u>\$ (12,453)</u>	<u>\$ (19,041)</u>	<u>\$ (24,230)</u>	<u>\$ (19,816)</u>	<u>\$ (22,869)</u>	<u>\$ (15,693)</u>	<u>\$ (23,806)</u>	<u>\$ (31,966)</u>	<u>\$ (31,285)</u>	<u>\$ (27,173)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 15,644	\$ 14,816	\$ 14,429	\$ 15,127	\$ 15,059	\$ 15,161	\$ 15,086	\$ 16,329	\$ 16,490	\$ 16,663
Sales taxes	7,994	8,663	10,360	10,945	11,824	12,631	12,971	13,286	12,725	14,064
Franchise and local business taxes	1,316	1,394	1,463	1,404	1,448	1,482	1,509	1,533	1,480	1,506
Communication taxes	1,725	1,613	1,610	1,599	1,474	1,462	1,377	1,280	1,294	1,264
Cigarette and motor fuel taxes	2,360	2,391	2,541	2,462	2,695	2,801	2,903	2,968	2,904	2,995
Investment earnings	750	530	437	197	316	568	478	264	217	792
Miscellaneous	1,464	1,293	1,643	8,476	785	2,720	633	722	986	928
Transfers	2,530	2,842	3,726	3,942	2,820	5,105	4,015	4,044	4,329	5,273
Total governmental activities	<u>33,783</u>	<u>33,542</u>	<u>36,209</u>	<u>44,152</u>	<u>36,421</u>	<u>41,930</u>	<u>38,972</u>	<u>40,426</u>	<u>40,425</u>	<u>43,485</u>
Business type activities:										
Investment earnings	260	312	241	165	214	380	382	264	349	1,320
Transfers	(2,530)	(2,842)	(3,726)	(3,942)	(2,820)	(5,105)	(4,015)	(4,044)	(4,329)	(5,273)
Miscellaneous	1,137	719	254	410	322	411	277	784	360	1,108
Total business-type activities	<u>(1,133)</u>	<u>(1,811)</u>	<u>(3,231)</u>	<u>(3,367)</u>	<u>(2,284)</u>	<u>(4,314)</u>	<u>(3,356)</u>	<u>(2,996)</u>	<u>(3,620)</u>	<u>(2,845)</u>
Total primary government	<u>\$ 32,650</u>	<u>\$ 31,731</u>	<u>\$ 32,978</u>	<u>\$ 40,785</u>	<u>\$ 34,137</u>	<u>\$ 37,616</u>	<u>\$ 35,616</u>	<u>\$ 37,430</u>	<u>\$ 36,805</u>	<u>\$ 40,640</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Changes in net position:										
Governmental activities	\$ 8,795	\$ 7,603	\$ 5,386	\$ 18,153	\$ 3,656	\$ 11,902	\$ 5,035	\$ 3,727	\$ 1,813	\$ 8,527
Business type activities	<u>11,402</u>	<u>5,087</u>	<u>3,362</u>	<u>2,816</u>	<u>7,612</u>	<u>10,021</u>	<u>6,775</u>	<u>1,737</u>	<u>3,707</u>	<u>4,940</u>
Total primary government	<u><u>\$ 20,197</u></u>	<u><u>\$ 12,690</u></u>	<u><u>\$ 8,748</u></u>	<u><u>\$ 20,969</u></u>	<u><u>\$ 11,268</u></u>	<u><u>\$ 21,923</u></u>	<u><u>\$ 11,810</u></u>	<u><u>\$ 5,464</u></u>	<u><u>\$ 5,520</u></u>	<u><u>\$ 13,467</u></u>

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

Fiscal Year	Property Taxes	Sales Taxes	Franchise and Local Business Taxes	Cigarette and Motor Fuel Taxes	Communication Taxes	Total
2010	\$ 15,644	\$ 7,994	\$ 1,316	\$ 2,360	\$ 1,725	\$ 29,039
2011	\$ 14,816	\$ 8,663	\$ 1,394	\$ 2,391	\$ 1,613	\$ 28,877
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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved	\$ 2,458	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,801	-	-	-	-	-	-	-	-	-
Nonspendable	-	2,191	2,075	1,950	1,828	1,702	1,597	1,520	1,445	1,391
Restricted	-	-	-	2	3	-	139	376	102	1,416
Committed	-	110	148	269	360	2,172	2,207	546	170	175
Assigned	-	155	123	1,051	1,883	1,653	1,189	437	728	429
Unassigned	-	9,260	10,202	11,296	12,466	14,842	13,904	10,174	3,471	8,514
Total general fund	\$ 11,259	\$ 11,716	\$ 12,548	\$ 14,568	\$ 16,540	\$ 20,369	\$ 19,036	\$ 13,053	\$ 5,916	\$ 11,925
All other governmental funds:										
Reserved	\$ 2,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	14,669	-	-	-	-	-	-	-	-	-
Capital projects funds	14,391	-	-	-	-	-	-	-	-	-
Nonspendable	-	180	162	280	191	172	186	164	591	1
Restricted	-	36,524	41,166	39,124	34,509	31,632	22,306	19,054	18,596	15,025
Committed	-	-	-	7,500	7,500	7,733	3,974	1,463	1,145	695
Unassigned	-	-	(431)	(778)	-	-	-	-	-	(115)
Total all other governmental funds	\$ 31,822	\$ 36,704	\$ 40,897	\$ 46,126	\$ 42,200	\$ 39,537	\$ 26,466	\$ 20,681	\$ 20,332	\$ 15,606

Note: Information for fiscal year 2010 has not been restated for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 54 classification.

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Taxes	\$ 24,393	\$ 23,940	\$ 24,794	\$ 25,715	\$ 26,303	\$ 26,958	\$ 27,079	\$ 28,429	\$ 28,159	\$ 29,416
Licenses and permits	2,613	2,456	2,666	3,186	4,002	4,340	3,604	4,380	3,998	4,828
Intergovernmental	13,448	12,730	14,218	10,221	10,635	8,558	8,264	9,865	13,284	14,463
Charges for services	7,411	7,954	7,414	7,458	7,962	9,486	9,415	10,706	11,430	14,417
Fines and forfeitures	1,169	878	717	769	679	820	991	717	719	1,059
Investment earnings	751	530	437	197	317	568	478	265	217	793
Rental income	1,642	1,842	1,948	1,952	2,164	2,169	2,259	2,170	2,106	2,537
Contributions and other	304	355	426	396	227	2,242	242	307	740	626
Total revenues	51,731	50,685	52,620	49,894	52,289	55,141	52,332	56,839	60,653	68,139
Expenditures:										
General government	14,006	15,138	15,285	15,337	15,931	16,382	16,890	17,704	21,207	17,098
Public safety	18,873	19,982	20,560	21,022	21,739	22,917	25,188	27,399	28,163	29,318
Physical environment	243	-	-	-	-	-	-	-	-	-
Transportation	3,154	2,867	4,903	7,246	3,910	2,266	2,248	2,909	3,896	4,201
Economic environment	5,249	2,956	3,762	1,783	1,633	1,502	861	1,063	1,128	1,873
Culture and recreation	1,817	1,954	2,107	1,951	1,967	2,169	2,231	3,118	3,730	4,152
Human services	393	394	399	488	468	506	474	459	457	507
Capital outlay	6,637	4,717	4,442	6,437	11,597	13,525	23,111	21,104	14,185	14,956
Debt service:										
Principal	147	147	147	147	147	147	147	147	147	569
Interest	38	34	30	26	22	19	15	11	7	4
Total expenditures	50,557	48,189	51,635	54,437	57,414	59,433	71,165	73,914	72,920	72,678
Excess (deficiency) of revenues over expenditures	1,174	2,496	985	(4,543)	(5,125)	(4,292)	(18,833)	(17,075)	(12,267)	(4,539)
Other Financing Sources (Uses):										
Transfers in	9,176	10,153	6,182	16,480	8,870	10,931	9,938	10,913	11,899	14,409
Transfers out	(6,638)	(7,310)	(2,142)	(12,229)	(5,719)	(5,501)	(5,513)	(6,458)	(7,168)	(8,620)
Issuance of debt	-	-	-	-	-	-	-	840	-	-
Sale of general capital assets	-	-	-	7,541	20	28	4	12	50	33
Total other financing sources (uses)	2,538	2,843	4,040	11,792	3,171	5,458	4,429	5,307	4,781	5,822
Net change in fund balances	\$ 3,712	\$ 5,339	\$ 5,025	\$ 7,249	\$ (1,954)	\$ 1,166	\$ (14,404)	\$ (11,768)	\$ (7,486)	\$ 1,283
Ratio of total debt service expenditures to total noncapital expenditures	0.42%	0.42%	0.38%	0.36%	0.37%	0.36%	0.34%	0.30%	0.26%	0.99%

City of Key West, Florida

Table 6

General Governmental Expenditures (1)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Physical Environment (2)</u>	<u>Transportation</u>	<u>Economic Environment</u>	<u>Culture and Recreation</u>	<u>Other</u>	<u>Total</u>
2010	\$ 13,743,035	\$ 18,815,278	\$ 242,641	\$ 1,216,867	\$ 154,682	\$ 1,816,544	\$ 763,732	\$ 36,752,779
2011	\$ 15,035,634	\$ 19,918,755	\$ -	\$ 1,196,146	\$ 70,778	\$ 1,953,546	\$ 608,910	\$ 38,783,769
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

(1) Expenditures include General Fund only.

(2) Effective FYE 2011, physical environment is combined with general government.

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

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-governmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Investment Earnings and Other</u>	<u>Total</u>
2010	\$ 17,047,554	\$ 2,613,092	\$ 6,706,639	\$ 6,357,337	\$ 1,037,696	\$ 2,067,223	\$ 35,829,541
2011	\$ 16,196,884	\$ 2,455,786	\$ 6,670,741	\$ 6,919,115	\$ 777,369	\$ 2,070,218	\$ 35,090,113
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

(1) Revenues include General Fund only.

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

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Collections Current Tax</u>	<u>Percent of Levy</u>	<u>Collections Delinquent Tax</u>	<u>Collections Total Tax</u>	<u>Percent of Levy</u>
2010	\$ 15,222,849	\$ 14,789,792	97.2	\$ 42,251	\$ 14,832,043	97.4
2011	\$ 14,414,157	\$ 13,995,804	97.1	\$ 60,960	\$ 14,056,764	97.5
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

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)

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Exemptions Allowed for Real/Personal Property	Total Net Assessed Value	Total Direct Tax Rate	Total Net Estimated True Value	Ratio Net Assessed to True Value
2010	\$ 10,347,911	\$ 371,594	\$ 4,894,185	\$ 5,825,320	2.6414	\$ 5,825,320	1.0
2011	\$ 8,706,431	\$ 368,616	\$ 4,101,589	\$ 4,973,458	2.9132	\$ 4,973,458	1.0
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

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	
2010	2.6414	-	2.6414	3.0837	3.3870	0.2549	0.4262	0.3691	10.1623
2011	2.9132	-	2.9132	3.3445	3.8235	0.2549	0.4596	0.3691	11.1648
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

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

2019				2010			
Name of Taxpayer	Assessed Value	Rank	Percent of Total Assessed Valuation	Name of Taxpayer	Assessed Value	Rank	Percent of Total Assessed Valuation
Passco Ocean DST	\$ 88,858,008	1	1.21	Galleon Condominium Association Inc.	\$ 67,920,197	1	1.17
Casa Marina Owner, LLC	86,370,250	2	1.18	Hyatt Vacation Management	52,211,530	2	0.90
Galleon Condominium Association Inc.	84,714,896	3	1.16	City of Key West	45,986,577	3	0.79
Windward Point	77,213,898	4	1.06	Windward Point	45,938,354	4	0.79
Sunset City LLC	63,037,876	5	0.86	SH5, LTD	36,800,134	5	0.63
KHP IV KEY WEST LLC	62,243,997	6	0.85	JLW Key West 1 LLC	32,026,702	6	0.55
Tannex Development, LC	60,492,371	7	0.83	Tannex Development Corp.	28,403,518	7	0.49
Seaboard Associates Limited Partnership	58,949,002	8	0.81	Steamplant Condominiums	28,108,038	8	0.48
ASHFORD PIER HOUSE LP	58,153,361	9	0.79	Hyatt Equities	26,378,463	9	0.45
SH5, LTD	56,619,431	10	0.77	Parrot Key Associates	26,300,528	10	0.45
Totals	\$ <u>696,653,090</u>		<u>9.52</u>	Totals	\$ <u>390,074,041</u>		<u>6.70</u>

Source: Property Appraiser, Monroe County, Florida.

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

<u>Fiscal Year</u>	<u>Note Payable Governmental Activities</u>	<u>Capital Lease Governmental Activities</u>	<u>Revenue Bonds (1) Business-type Activities</u>	<u>Note Payable Business-type Activities</u>	<u>Total Outstanding Debt</u>	<u>Percentage of Personal Income (2)</u>	<u>Population (2)</u>	<u>Debt per Capita</u>
2010	\$ 1,319,698	\$ -	\$ 32,536,880	\$ 3,488,227	\$ 37,344,805	4.43%	24,649	\$ 1,515
2011	\$ 1,172,639	\$ -	\$ 31,140,391	\$ 3,233,862	\$ 35,546,892	4.00%	24,626	\$ 1,443
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	\$ 19,501,439	\$ 1,521,577	\$ 22,153,596	2.53%	26,990	\$ 821
2018	\$ 143,226	\$ 840,295	\$ 16,239,778	\$ 1,202,377	\$ 18,425,676	2.03%	25,208	\$ 731
2019	\$ -	\$ 414,041	\$ 14,349,036	\$ 872,656	\$ 15,635,733	1.52%	24,565	\$ 637

(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)
2010	24,649	\$ 5,825,320	-	-	-	-	-
2011	24,626	\$ 4,973,458	-	-	-	-	-
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	-	-	-	-	-

(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>
2010	-	-	-	\$	36,752,779	-
2011	-	-	-	\$	38,783,769	-
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	-

(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, 2019

	<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)	\$ 414,041	100.00%	\$ 414,041
Estimated overlapping debt:			
Monroe County, District School Board (2)	<u>75,559,786</u>	27.55% (3)	<u>20,817,899</u>
Total ad valorem tax supported debt	<u>\$ 75,973,827</u>		<u>\$ 21,231,940</u>
Ratios:			
Overall debt to 2019 taxable valuation			<u>0.29%</u>
Overall debt per capita			<u>\$ 842</u>

- (1) City of Key West direct debt does not include revenue bonds.
(2) Monroe County School Board debt is as of June 30, 2019, 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	
2010	\$ 11,839	\$ 6,037	\$ 5,802	\$ 1,000	\$ 1,013	\$ 2,013	2.88
2011	\$ 12,793	\$ 5,833	\$ 6,960	\$ 1,030	\$ 985	\$ 2,015	3.45
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

- (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

Fiscal Year	Population (1)	Per Capita Income (1)	Total Personal Income (in thousands) (1)	Median Age (1)	Public School Enrollment (2)	Unemployment Rate (3)
2010	24,649	\$ 34,174	\$ 842,355	44	3,792	7.2%
2011	24,626	\$ 36,086	\$ 888,654	42	3,823	6.2%
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%

(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

2019		2010	
Employer	Employees	Employer	Employees
Public Sector:		Public Sector:	
US Armed Forces	2,190	US Armed Forces	2,882
Monroe County Schools	1,500	Monroe County Schools	1,316
Monroe County Government	570	Monroe County Sheriff's Office	580
Monroe County Sheriff's Office	538	Monroe County Government	485
City of Key West	520	City of Key West	456
Florida Keys Aqueduct Authority	270	Florida Keys Aqueduct Authority	258
Keys Energy Service	130	Florida Keys Community College	254
Florida Keys Electric Cooperative Association	114	Keys Energy Service	159
Florida Keys Community College	98		
Private Sector:		Private Sector:	
Ocean Reef Club	1,124	Ocean Reef Club (660 year round)	900
Publix Stores	650	Health Management Associations	618
Margaritaville Resort & Marina/Sunset Key	492	Hawk's Cay Resort	306
Lower Keys Medical Center, Key West	477	Casa Marina Resort/Reach Resort	300
Historic Tours of America	390	Historic Tours of America	288
Casa Marina Resort / Reach Resort	356	Spottswood Properties	203
Spottswood Properties	302	First State Bank of the Keys	180
Fogarty's/Red Fish Blue Fish/Caroline's/ Jack Flats/Waterfront		Cheeca Lodge	178
Brewery	280		
Cheeca Lodge	280		
Fury Water Adventures	187		

* 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. The data is for fiscal year 2018, as 2019 information was not 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
2010	\$ 10,719,505	\$ 4,894,185	\$ 5,825,320	4,297	\$ 43,322
2011	\$ 9,075,047	\$ 4,101,589	\$ 4,973,458	4,504	\$ 35,013
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

(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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government:										
Building permits issued	4,297	4,504	5,124	5,467	6,187	5,465	6,429	4,843	3,848	4,951
Building inspections performed	8,128	9,606	10,264	9,057	11,812	11,642	11,018	8,910	8,837	9,147
Occupational licenses	8,296	9,778	11,189	8,509	10,087	10,642	9,799	8,604	9,139	9,188
Fire:										
Emergency responses	2,613	2,269	2,274	1,846	1,945	4,818 *	7,194 **	5,877	6,902	7,145
Inspections	2,481	2,430	2,452	2,293	2,310	2,100	2,077	1,700	2,560	3,722
Police:										
Physical arrests	2,075	2,115	2,265	2,010	2,171	2,100	1,753	1,264	1,486	1,722
Parking violations	37,047	30,830	31,172	30,504	27,897	33,261	32,199	31,382	23,940	26,055
Traffic violations	4,313	4,450	3,956	4,065	4,018	3,092	2,529	2,257	3,115	2,865
Cemetery:										
Burials	124	129	87	93	94	102	117	109	118	91
Sewer:										
Average daily flow (millions of gallons per day)	4	4	4	4	4	4	4	4	4	4
Solid Waste:										
Refuse annually tons	45,402	55,624	47,055	41,091	44,064	40,563	41,056	41,045	42,766	40,560
Recycle annual in tons	3,607	2,095	3,656	5,406	5,333	5,381	5,371	5,223	5,565	5,477
Marinas:										
Key West Bight:										
Diesel gallons pumped	315,515	311,677	230,161	128,205	128,548	168,924	219,435	206,963	217,097	298,895
Gas gallons pumped	63,058	106,071	116,461	126,381	133,580	150,826	177,291	142,394	189,860	215,375
Transient customers	1,011	1,284	1,520	1,454	1,365	1,394	1,617	1,730	1,021	1,189
Ferry terminal:										
Boat landings	479	464	349	358	364	389	482	358	372	362
Passenger disembarkments	144,617	154,821	146,362	148,738	166,677	192,073	184,662	186,817	169,728	189,596
Diesel gallons pumped	81,807	141,355	117,055	7,255	7,743	333,545	383,926	347,119	357,052	322,785
Garrison Bight:										
Transient customers	362	384	369	354	438	674	581	691	296	958
Mooring field monthly permits	76	332	96	103	133	377	515	623	270	917
Ramp usage	4,142	5,307	4,662	4,806	5,893	5,178	4,703	3,927	4,931	4,332
Transportation:										
Cruise ship passengers	804,845	852,673	832,887	734,349	800,752	745,864	696,224	745,781	865,939	913,323
Sidewalks repaired/replaced	107,243	56,725	98,590	82,395	20,250	10,000	5,000	6,221	52,380	36,530

*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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire:										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Engines	7	7	7	7	7	6	6	7	8	8
Aerial	1	1	1	1	1	1	1	1	1	1
Heavy duty rescue	-	-	-	-	-	-	-	-	1	1
Light duty rescue	1	1	1	1	1	1	1	1	6	6
Ambulances	-	-	-	-	-	4 *	4	5	5	6
Fire boat	-	-	-	-	-	-	-	-	1	1
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	95	115	115	115	117	118	118	118	119	114
Parking enforcement units	7	7	7	7	6	6	6	6	6	6
Police boat	-	-	-	-	-	-	-	-	1	1
Parks and Recreation:										
Acreage	69.25	69.25	69.25	69.25	69.25	69.25	69.25	69.25	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
Sewer:										
Length of system	58	58	58	58	60	60	60	60	60	60
Plant daily capacity (millions of gallons per day)	10	10	10	10	10	10	10	10	10	10
Storm Water:										
Length of system	11	11	11	12	12	12	12	12	12	12
Key West Bight:										
Slips:										
Transient slips	92	92	92	92	92	92	92	92	92	95
Commercial slips	42	42	42	42	42	42	42	42	42	42
Other slips	15	15	15	15	15	15	15	15	15	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	86,407	86,407	94,059	96,384	96,434	101,108	101,108	105,348	108,098
Ferry Terminal:										
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
Garrison Bight:										
Transient slips available	66	66	66	66	42	42	51	51	51	51
Live aboard/pleasure	148	148	148	140	167	167	158	158	146	146
Commercial/charter	43	43	43	37	37	37	37	37	37	37
Mooring field	149	149	149	149	149	149	149	149	149	149
Transportation:										
Number of buses	17	16	16	14	14	17	18	15	21	21
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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City Commission	5	5	5	5	5	7	8	8	8	8
City Management	4	4	6	6	7	7	7	6	6	6
Management services and other	78	76	79	82	82	91	93	96	94	90
Recreation	31	33	33	31	32	32	32	33	37	38
Fire	71	72	72	72	72	88	72	72	72	72
Public Works	29	34	35	46	49	49	49	53	52	52
Police protection	123	123	123	126	126	126	126	126	129	131
Building	17	18	19	19	21	21	23	24	27	27
Emergency Medical Services	-	-	-	-	-	16	17	17	17	17
Capital	1	1	-	-	-	-	-	-	-	-
Roads and Sidewalks	4	4	4	4	5	5	5	5	5	5
Sewer	4	4	4	4	4	4	2	2	2	2
Stormwater	2	2	1	1	1	1	1	1	1	1
Solid waste	10	10	10	10	10	7	4	4	4	4
Recreation marinas	40	35	29	30	26	28	30	30	32	30
Redevelopment	6	-	-	-	-	-	-	-	-	-
Transportation	31	31	28	28	27	29	29	30	39	37
Total	<u>456</u>	<u>452</u>	<u>448</u>	<u>464</u>	<u>467</u>	<u>511</u>	<u>498</u>	<u>507</u>	<u>525</u>	<u>520</u>