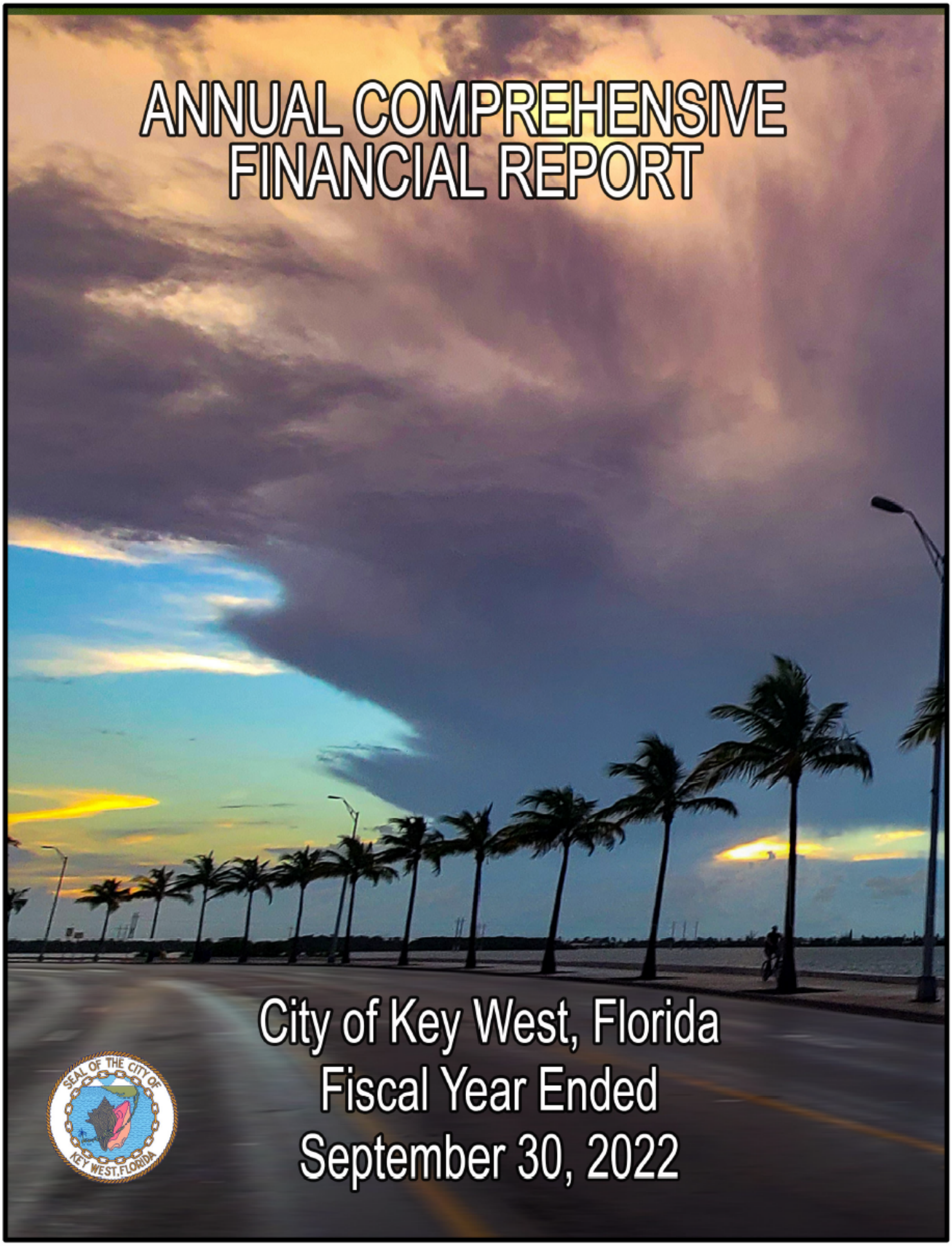
ANNUAL COMPREHENSIVE FINANCIAL REPORT



City of Key West, Florida
Fiscal Year Ended
September 30, 2022

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

The City of Key West, Florida

Annual Comprehensive Financial Report

For The Fiscal Year Ended

September 30, 2022

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

April 27, 2023

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

Ladies and Gentlemen:

The Annual Comprehensive Financial Report of the City of Key West, Florida, for the fiscal year ended September 30, 2022, is submitted herewith pursuant to the City Charter, Florida Statutes, and the Rules of the Auditor General of the State of Florida. The annual comprehensive financial report was compiled by Finance Department staff with the close cooperation of the independent auditors. It represents the official report of the City's financial operations and condition to the citizens, City Commission, management personnel of the City, rating agencies, and other interested parties.

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

State statutes require an annual audit by independent certified public accountants. The City of Key West's financial statements have been audited by the independent certified public accounting firm of Keefe McCullough and they have issued an unmodified opinion on the financial statements for the fiscal year ended September 30, 2022.

Generally accepted accounting principles (GAAP) require that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Key West's MD&A can be found immediately following the report of the independent auditors.

Financial Reporting Entity

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

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

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

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

Profile of the Government

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

The City's 2022 estimated permanent population was 27,040. 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

In the first half of fiscal year 2022, the City of Key West's economy continued to demonstrate that tourism-related revenue streams were experiencing an unprecedented economic boom and was flourishing. During this time parking revenues and state sales tax proceeds, along with the Tourist Development Council's (TDC) bed tax collections, were continually increasing over the prior year's collections. Additionally, cruise ship activities were re-instated and through the addition of additional routes, the arrival rate at the Key West International Airport was up 32% over 2021 arrivals.

In the second half of fiscal year 2022, the City of Key West began to see the effects of the declining global economy. The economic recovery post-COVID caused the cost for goods and services to increase quickly and intensified the local housing shortage, causing a decrease in the local labor force. While the City of Key West was still experiencing strong and steady revenue collections, the slow-down of the City's upward trajectory of tourism statistics and revenue collections had become evident. The City remains in a strong financial position but will need to continue its efforts in affordable housing providing for the workforce of the City of Key West.

The City's policy is to maintain an adequate General Fund balance to meet seasonal shortfalls in cash flows and reduce the susceptibility to emergency and unanticipated expenditures and/or revenue shortfalls. The City Commission has adopted a policy that requires the City to maintain unassigned fund balance equivalent to a minimum ranging from 20% to 25% of the subsequent year's budgeted operating expenditures and transfers out. For the fiscal year ending 2022, the range is approximately $ 12,600,000 to $ 15,800,000; therefore, the current unassigned fund balance of approximately $ 12,098,514 was below the prescribed limits. The City intends to meet and exceed the minimum fund balance of 72 days, or 20%, by the end of fiscal year 2023 through collection of FEMA funding for the unforeseen Hurricane Ian expenditures which occurred at the end of fiscal year 2022, several increased revenue streams, and the controlling of expenditures.

Financial Planning and Budgeting Controls

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

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

Relevant Financial Policies

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

Revenue Policy

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

Cash Management and Investments Policy

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

As of September 30, 2022, the City had the following investment types in order of liquidity: Bank Deposits, Florida Prime, Florida Fixed Income Trust (FIT), Public Assets for Liquidity Management (FL-PALM), Federal Agency Discount Notes, Federally Sponsored Agency Notes, and U.S. Treasury Notes.

Debt Policy

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

Fund Balances

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

Major Initiatives and Long-Term Planning

Moving into fiscal year 2022, the City was optimistic that several significant initiatives previously placed on hold would be able to move forward in conjunction with Key West Forward, the City's Strategic Plan. These projects and initiatives will have a positive impact on the City's future economic health and quality of life for the residents, businesses, and guests of our island.

Projects completed or "in process" during fiscal year 2022 include the following:

- Continued Work and Focus on the Key West Forward Strategic Plan
- Sidewalk and Paving Projects
    - Whitehead and Front Street Improvements
    - United Street Improvements
    - Eaton Street Improvements
    - Southard Street Improvements
    - 1st and Bertha Street improvements in partnership with Monroe Country
    - Installed ADA compliant sidewalks and Curb Ramps at the Truman Waterfront Park
    - Shoulder Improvements on Several City Residential Streets
    - Flagler Avenue Pedestrian Improvements
    - Caroline, Elizabeth, and Greene Street improvements
- Implemented One-Way Streets on Curry and Stump Lanes
- Designed Enhanced Bikeway Route Connectivity Along United, Elizabeth, Greene, and Caroline Streets
- Continued Work on the Frederick Douglass Community Center
- Constructed New Pavilions at Rest Beach
- Continued Work on the John Jones Navigation Center
- Completed Additional Preparations Necessary for the Bahama Village 3.2 Acre Site
- Continued Work on the Clinton Square Revitalization Project
- Began the Planning Process for the Repair/Replace Analysis for the Martin Luther King Community Pool
- Continued Work on the Reimagine Mallory Square Project
- Installed Info-Transit System in 16 Transit Buses to Communicate Information to our Ridership
- Continued Planning for the Duval Street Revitalization
- Resurfaced the Truman Waterfront Park Playground
- Began The Beautification Process on the City of Key West Entry Point known as 'The Triangle'
- Completed the Renovation of Eighth Street Pocket Park
- Completed the Turfing of George Mira Football Field
- Continued Supporting Affordable Housing Initiatives through Partnerships with the Key West Housing Authority, FKOC, AH Monroe, and Habitat for Humanity
- Completed the Installation of Artificial Turf at Gilleran Field at Truman Waterfront
- Completed the Installation of Security Cameras on Duval Street, Mallory Square, the Historic Seaport, Key West Bight Ferry Terminal, and the Outer Mole
- Continued Work on Wicker's Sports Complex Bike Trail Realignment
- Completed Pier Enhancements at Wahoo, Kingfish, and Tarpon Piers at the City Marina
- Completed Compost Pilot
- Initiated LIDAR Collection for the City of Key West
- Began Several Equipment Upgrades at the City of Key West's Wastewater Treatment Plant
- Began Testing and Evaluation of Recycling Program at Key West Bight
- Began Evaluation of Waste to Energy Program
- Began Design Process on Harris and 10th Street Drainage and Sea Level Mitigation

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, 2021. This was the thirty-seventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments

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





Patti K. McLauchlin
City Manager

Christina Bervaldi
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Key West
Florida

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

City of Key West, Florida

List of Principal Officials

Elected Officials

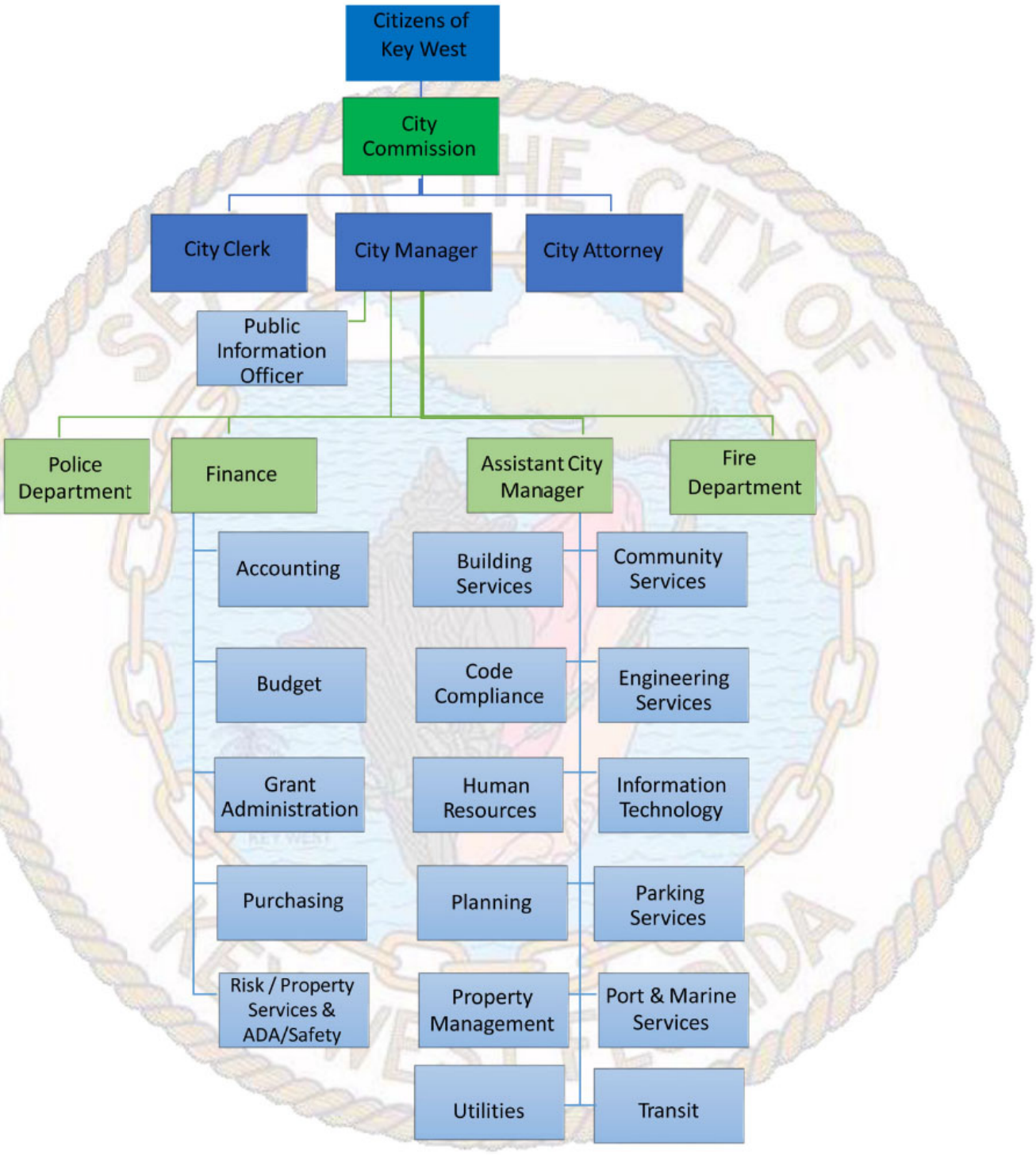
Mayor	Teri Johnston
Commissioner	Jimmy Weekley
Commissioner	Samuel Kaufman
Commissioner	Billy Wardlow
Commissioner	Lissette Carey
Commissioner	Mary Lou Hoover
Commissioner	Clayton Lopez

Appointed Officials

City Manager	Patti McLauchlin
City Clerk	Cheri Smith
City Attorney	Ronald Ramsingh (Interim)

Department Directors

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


Citizens of Key West
City Commission
City Clerk
City Manager
City Attorney
Public Information Officer
Police Department
Finance
Assistant City Manager
Fire Department
Accounting
Budget
Grant Administration
Purchasing
Risk / Property Services & ADA/Safety
Building Services
Code Compliance
Human Resources
Planning
Property Management
Utilities
Community Services
Engineering Services
Information Technology
Parking Services
Port & Marine Services
Transit

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

Honoring our past and embracing our future for a better Key West.

BASIC FINANCIAL STATEMENTS

Keefe McCullough
50 YEARS
CPA's + Trusted Advisors

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Key West, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Key West, Florida's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the 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, each major fund, and the aggregate remaining fund information of the City of Key West, Florida, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, Community Development Office Fund, and Gas Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Pension Trust Fund for Police Officers and Firefighters, which represent 67 percent, 66 percent, and 73 percent, respectively, of the assets, net position, and total additions of the Fiduciary Funds as of September 30, 2022, and the respective changes in financial position for the year ended. 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, as of and for the year ended December 31, 2021. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, 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, are based solely on the reports of the other auditors.

Basis for Opinions

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

CPA's + Trusted Advisors

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to pensions and other post-employment benefits on pages 5–15 and 85–91, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Key West, Florida's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and budgetary comparison schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the 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.

Other Information

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

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

Other Reports Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Key West, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Key West, Florida's internal control over financial reporting and compliance.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 27, 2023

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 ended September 30, 2022. We are offering this discussion and analysis to provide the reader with a better understanding of the City's overall financial position. This should be considered in conjunction with the additional information in the transmittal letter which begins on page i and the City's financial statements which begin on page 16.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of fiscal year 2022 by $ 405,995,841 (net position), which is an increase of $ 18,113,595 compared to the prior year. Of this amount, $ 69,320,451 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 $ 48,536,329, an increase of $ 9,546,685 from the prior year. Approximately 25% of this amount ($ 12,098,514) is available for spending at the City's discretion (unassigned fund balance).

- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) for the general fund is $ 13,837,170, or approximately 24% of total general fund expenditures.

- The City's total outstanding long-term debt decreased by $ 2,380,501 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 16. 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 2021-22?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is the accounting used by most private-sector companies. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

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

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

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

- Governmental activities: Most of the City's basic services are reported here, including the police, fire, community services and parks departments, as well as general administration. Property and other intergovernmental taxes, charges for services, and state and federal grants finance most of these activities.

- Business-type activities: The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's sewer, stormwater, solid waste, and transit systems, as well as, City marina facilities, are reported here.

- Component units: The City includes one separate legal entity in its report: The Housing Authority of the City of Key West, Florida ("KWHA"). The KWHA's board has full administrative responsibilities. The City provides free sewer, stormwater, and solid waste services to the KWHA. KWHA 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 18 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by state law and/or by bond covenants. However, the City Commission establishes other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two types of funds (governmental and proprietary) use different accounting approaches.

- **Governmental funds**: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation on the pages immediately following the governmental fund statements.

- **Proprietary funds**: When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use an internal service fund (the other component of proprietary funds) to report the City's insurance activity, which provides a service to the City's other programs and activities.

The City as Trustee

The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of trust arrangements, can be used only for the trust beneficiaries. All the City's fiduciary activities are reported in separate Statements of Net Position and Changes in Net Position - Fiduciary Funds on pages 30 and 31. 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 $ 387,882,246 to $ 405,995,841. Governmental activities increased $ 12,785,067. Most of this increase is in the General Fund and Infrastructure Surtax Fund. Business type activities increased $ 5,328,528. The increases were recognized in the Sewer Fund, Key West Bight Fund and Garrison Bight Fund.

Total net position is comprised of $ 305,721,115 net investment in capital assets, $ 30,954,275 restricted for capital projects, transportation, building, housing initiatives, and other purposes, and $ 69,320,451 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 22	FY 21	FY 22	FY 21	FY 22	FY 21
Current and other assets	$ 86,288,350	$ 50,893,737	$ 81,579,441	$ 57,977,056	$ 167,867,791	$ 108,870,793
Capital assets	171,523,468	170,899,129	144,080,790	147,214,022	315,604,258	318,113,151
Total assets	257,811,818	221,792,866	225,660,231	205,191,078	483,472,049	426,983,944
Total deferred outflows of resources	23,275,797	17,355,234	694,092	843,098	23,969,889	18,198,332
Current liabilities	18,552,238	6,480,353	4,018,410	4,343,033	22,570,648	10,823,386
Long-term debt and other noncurrent liabilities	15,027,507	22,199,985	9,694,602	12,080,525	24,722,109	34,280,510
Total liabilities	33,579,745	28,680,338	13,713,012	16,423,558	47,292,757	45,103,896
Total deferred inflows of resources	35,571,446	11,316,405	18,581,894	879,729	54,153,340	12,196,134
Net position:						
Net investment in capital assets	170,421,285	168,749,052	135,299,830	135,384,857	305,721,115	304,133,909
Restricted	30,954,275	26,329,207	-	340,936	30,954,275	26,670,143
Unrestricted	10,560,864	4,073,098	58,759,587	53,005,096	69,320,451	57,078,194
Total net position	$ 211,936,424	$ 199,151,357	$ 194,059,417	$ 188,730,889	$ 405,995,841	$ 387,882,246

Governmental Activities – Net Position

The $ 211,936,424 in net position of the City's governmental activities is comprised of $ 170,421,285 net investment in capital assets, $ 30,954,275 in restricted net position and $ 10,560,864 in unrestricted net position, which is the part of net position than can be used to finance day-to-day operations of the General Fund and other governmental activities.

The invested in capital assets increased from the previous year by $ 1,672,233. This is primarily the result of new additions and disposals netted against current year depreciation of $ 7,005,243.

Restricted net position of $ 30,954,275 is restricted to comply with the requirements of the special revenue funds or other legal requirements. This was an increase of $ 4,625,068 from the previous year. The increase can be attributed mainly to the accumulation of approximately $ 4,800,000 in the Infrastructure Surtax Fund.

Unrestricted net position increased by $ 6,487,766 compared to the prior fiscal year. The increase is attributed to an increase in charges for services revenues and the sale of City property in the General Fund.

Business-Type Activities – Net Position

The $ 194,059,417 in net position of the City's business type activities is comprised of $ 135,299,830 net investment in capital assets and $ 58,759,587 in unrestricted net position. This is an increase of 2.8% in net position.

The net investment in capital assets decreased from the previous year by $ 85,027. This minimal change was result of new additions netted against current year depreciation of $ 8,176,452 and offset by the repayment of debt. Unrestricted net position increased $ 5,754,491 which was primarily from the Key West Bight Fund, but also increases in the Sewer Fund and Garrison Bight Fund.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 22	FY 21	FY 22	FY 21	FY 22	FY 21
Revenues:						
Program Revenues:						
Charges for services	$ 18,732,473	$ 14,625,381	$ 44,760,228	$ 39,807,535	$ 63,492,701	$ 54,432,916
Operating grants and contributions	2,712,047	4,426,235	2,623,151	2,744,151	5,335,198	7,170,386
Capital grants and contributions	360,216	604,931	1,036,918	2,169,999	1,397,134	2,774,930
General Revenues:						
Taxes: property and other	45,003,442	41,160,338	-	-	45,003,442	41,160,338
Intergovernmental	179,502	181,056	-	-	179,502	181,056
Investment earnings	308,692	69,162	396,090	106,301	704,782	175,463
Other revenues	5,293,137	1,809,263	784,096	902,860	6,077,233	2,712,123
Total revenues	72,589,509	62,876,366	49,600,483	45,730,846	122,189,992	108,607,212

Table 2
Changes in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 22	FY 21	FY 22	FY 21	FY 22	FY 21
Program Expenses:						
General government	18,582,018	17,701,166	-	-	18,582,018	17,701,166
Public safety	32,192,694	30,860,100	-	-	32,192,694	30,860,100
Transportation	5,639,908	5,801,491	-	-	5,639,908	5,801,491
Economic environment	5,744,712	2,446,213	-	-	5,744,712	2,446,213
Culture and recreation	4,377,853	4,164,766	-	-	4,377,853	4,164,766
Human services	795,887	717,457	-	-	795,887	717,457
Sanitary Sewer System	-	-	10,586,654	10,178,350	10,586,654	10,178,350
Solid Waste	-	-	8,411,433	8,331,434	8,411,433	8,331,434
Stormwater	-	-	2,999,550	2,815,402	2,999,550	2,815,402
Marinas (Key West and Garrison Bight)	-	-	10,175,880	8,223,818	10,175,880	8,223,818
Transit	-	-	4,569,808	4,472,551	4,569,808	4,472,551
Total expenses	67,333,072	61,691,193	36,743,325	34,021,555	104,076,397	95,712,748
Increase (decrease) in net position before transfers	5,256,437	1,185,173	12,857,158	11,709,291	18,113,595	12,894,464
Transfers (net)	7,528,630	7,011,051	(7,528,630)	(7,011,051)	-	-
Changes in net position	12,785,067	8,196,224	5,328,528	4,698,240	18,113,595	12,894,464
Net Position, October 1	199,151,357	190,955,133	188,730,889	184,032,649	387,882,246	374,987,782
Net Position, September 30	$ 211,936,424	$ 199,151,357	$ 194,059,417	$ 188,730,889	$ 405,995,841	$ 387,882,246

The City's total revenues reported are $ 122,189,992, which in part represents $ 63,492,701 in charges for services and $ 45,003,442 in property and other taxes. Total expenses of $ 104,076,397 are reported. As shown above, revenues have increased, and expenses have increased for the year.

Governmental Activities – Changes in Net Position

Total revenues for the City's governmental activities of $ 72,589,509 include $ 18,732,473 in fees, fines and charges for services, as well as, $ 45,003,442 in property, state shared and local taxes.

For the year, the City's governmental revenues increased $ 9,713,143 or a 15.4% increase. Approximately $ 4,100,000 of the increase was fines, fees and charges for services. There was approximately a $3,800,000 increase in tax collections. The sale of City property generated $3,600,000 in additional revenue in the General Fund.

The cost of all governmental activities this year was $ 67,333,072. However, as shown in the Statement of Activities on page 17, the amount that our taxpayers ultimately financed for these activities, through City ad valorem taxes, was $ 18,252,831. This is because $ 18,732,473 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 $ 3,072,263. 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 22	FY 21	FY 22	FY 21
General government	$ 18,582,018	$ 17,701,166	$ (14,319,032)	$ (12,711,649)
Public safety	32,192,694	30,860,100	(26,405,138)	(26,716,033)
Culture and recreation	4,377,853	4,164,766	(1,640,396)	(1,750,665)
Transportation	5,639,908	5,801,491	2,866,685	1,303,416
Economic environment	5,744,712	2,446,213	(5,234,568)	(1,442,258)
Human services	795,887	717,457	(795,887)	(717,457)
Totals	$ 67,333,072	$ 61,691,193	$ (45,528,336)	$ (42,034,646)

Business-Type Activities – Changes in Net Position

Revenues of the City's business-type activities (see Table 2) increased by 8.5% ($ 45,730,846 in 2021 compared to $ 49,600,483 in 2022). Net Cost increased $ 3,493,690.

Financial Analysis of the City's Funds

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

Governmental funds: As of September 30, 2022, the City's governmental funds reported combined fund balances of $ 48,536,329, which is an increase of $ 9,546,685 in comparison with the prior fiscal year. Fund balance across the major governmental funds increased $ 9,789,533. The nonmajor funds decreased $ 242,848.

The General Fund is the chief operating fund of the City. As of September 30, 2022, the unassigned fund balance account in the General Fund was $ 12,098,514, an increase of $ 1,520,939 from the previous year. Most of the increase was recognized as sale of general capital assets and charges for services which offset an increase in expenditures. The unassigned fund balance amount represents approximately 19% of the 2022 General Fund budgeted expenditures, excluding capital outlay. Discussed later in the financials, this put the unassigned fund balance below the City's minimum fund balance policy of between 20% and 25% of budgeted expenditures.

Revenues in the General Fund, increased by $ 4,758,241 or 10.9%. The General Fund recognized $3,640,000 for the sale of city property. Total General Fund expenditures increased 14.3% over prior year.

Fund balance in the Community Development Office Fund decreased by $ 12,871. There were no major program changes. Normal year to year fluctuations.

Fund balance in the Gas Tax Fund decreased $ 501,435. The fund revenues increased by $ 14,512 and expenditures increased by $ 2,012,461. Grant revenue decreased by approximately $ 440,000, however through an Interlocal Agreement with Monroe County, the fund was reimbursed approximately $ 360,000 for project expenditures. The significant increase in expenditures was a result of street and sidewalk infrastructure projects.

Fund balance in the Infrastructure Surtax Fund increased $ 6,694,693. The revenues increased by $ 1,791,528. Tax revenue in the fund increased $ 1,859,062 from the prior year. Total expenditures decreased by $ 2,682,251. The City slowed the pace of capital projects from the prior year.

The Capital Projects Fund had an increase in fund balance of $ 264,897. The increase is a result of transfers in from another fund. The funding is for a future project. Currently, there is very little activity in the 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 FY 22	FY 21
Sanitary Sewer System	$ 17,816,594	$ 17,905,168
Solid Waste	9,676,927	9,268,462
Stormwater	2,417,492	2,555,492
Key West Bight	25,088,933	20,899,242
Garrison Bight	2,930,872	1,978,422
Transit System	828,769	398,310
	$ 58,759,587	$ 53,005,096

The Sanitary Sewer System Fund net position had an increase of $ 1,063,095. Net investments in capital assets increased approximately $ 1,500,000 as debt service decreased approximately $ 2,235,000 netted with capital additions and depreciation. Restricted for debt service decreased from $ 340,936 to $ 0. Restriction is no longer applicable as a 2012 Bond was paid off in the fiscal year. The unrestricted decreased $ 88,574 resulting in a minimal change as operating revenues and operating expenses grew at the same pace.

The Solid Waste Fund net position had a decrease of $ 14,264. Net investments in capital assets decreased approximately $ 423,000 as depreciation of existing assets exceeded the value of capital additions. Unrestricted net position increased $ 408,465. Charges for services revenue exceeded expenses.

The Stormwater Fund net position decreased $ 532,132. Net investment in capital assets decreased approximately $ 394,000 as depreciation of existing assets exceeded the value of capital additions. Unrestricted net position decreased $ 138,000 from a reduction in grant revenues and charges for services covering expenses.

The Key West Bight Fund net position increased $ 4,448,073. Net investment in capital assets increased approximately $ 258,000 as additions exceeded depreciation expense. Unrestricted net position increased $ 4,189,691. Charges for services increased approximately $ 3,100,000 and an additional $ 2,000,000 was transferred in to reimburse for Caroline Corridor project expenses.

The Garrison Bight Fund net position increased $ 741,777. Restricted for capital assets decreased approximately $ 211,000 as depreciation of existing assets exceeded the value of capital additions. Unrestricted net position increased $ 952,450. Charges for services revenue exceeded expenses.

The Transit System Fund net position decreased $ 378,021. Net investment in capital assets decreased approximately $ 808,000 as depreciation of existing assets exceeded the value of capital additions. Unrestricted net position increased $ 430,459. Charges for services have not exceeded expenses, however grant revenue has increased from prior year.

Fiscal Year 2021-22 General Fund Budgetary Highlights

For almost the entire fiscal year 2022, the City made various budget amendments which were approved by the City Commission to maintain budget compliance within its major categories. As required by City code, all contracts and purchases more than $ 50,000 were approved by the City Commission.

General Fund overall revenues were over budget by $ 2,303,040. Revenues, by major category, which exceeded budget were $ 2,194,496 over in Intergovernmental, $ 146,225 over in Fines and Forfeitures, $ 113,628 over in Investment Earnings, $ 331,146 over in Rental Income, and $ 72,124 over in Contributions. Intergovernmental revenue was over budget due to the continued collections from FEMA for Hurricane Irma expenditures along with increased revenues received for both Municipal Revenue Sharing and Local Government ½ Cent Sales Tax revenues from the State of Florida. Fines and Forfeitures was over due to the increased collections of Code Enforcement fines, and Rental Income was over budget due to percent of sales over the breakpoint collections resulting from the increased revenue which our leaseholders experienced over the 2021-2022 fiscal year.

Tax revenues were under budget by $ 253,795. Licenses and Permits were under budget by $ 293,591, and Charges for Services were under budget by $ 7,193. In Charges for Services, while revenue from Parking was estimated to increase, due to a decrease in the number of parking transactions, the revenue generated was not as robust as originally projected. This decrease was mitigated by the increase in Fire Plans Review, Fire Inspection, and Ambulance fee collections along with the re-introduction of cruise ship Disembarkation Fees.

Total General Fund expenditures were lower than the budget by $ 2,109,890. Personnel services were under budget by $ 1,006,720; primarily due to the difficulty that the City is facing in filling our budgeted positions. Operating costs were under budget by $ 905,347 due to slightly higher estimates than actuals for items such as fuel, travel, and outside legal fees. Capital outlay was under budget by $ 173,877, which is mainly due to timing delays when receiving capital purchases.

Capital Assets

The City of Key West total capital assets for Governmental and Business-Type Activities as of September 30,2022 amount to $ 315,604,258. The City's investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, utility system, furniture fixture and equipment. (See Table 4 below).

Table 4
Capital Assets at Year-End

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 22	FY 21	FY 22	FY 21	FY 22	FY 21
Capital assets, not being depreciated:						
Land	$ 56,605,896	$ 56,687,796	$ 18,681,034	$ 18,681,034	$ 75,286,930	$ 75,368,830
Works of art	137,400	137,400	-	-	137,400	137,400
Construction in progress	7,449,900	7,979,799	13,626,966	10,145,535	21,076,866	18,125,334
Capital assets, being depreciated:						
Buildings and improvements	55,752,407	53,627,641	57,269,770	57,269,770	113,022,177	110,897,411
Machinery, equipment and furniture	29,695,329	28,355,467	19,617,847	19,062,934	49,313,176	47,418,401
Works of art	220,510	220,510	-	-	220,510	220,510
Infrastructure	98,865,501	95,012,611	188,948,787	188,506,836	287,814,288	283,519,447
Depreciation	(77,203,475)	(71,122,095)	(154,063,614)	(146,452,087)	(231,267,089)	(217,574,182)
Totals	$ 171,523,468	$ 170,899,129	$ 144,080,790	$ 147,214,022	$ 315,604,258	$ 318,113,151

This year's major additions included:

In the governmental activities, the City recognized $ 7,726,274 in capital additions. Construction in progress additions were $ 5,428,787. The Gas Tax Fund recognized approximately $ 3,200,000 for ongoing street and sidewalk projects and the Infrastructure Fund recognized $ 1,773,327 in various ongoing construction projects. Machinery and Equipment had additions of $ 1,855,809. One of the larger projects that was completed and capitalized is the Truman Waterfront Phase 1B for $ 5,406,986. The City also finalized the Duval Street, Mallory Square and Outer Mole security camera project for $ 409,275.

In the Business-Type Activities:

- The Sanitary Sewer Fund added $ 344,256 in capital equipment, which included a work van for $ 49,900. There are several large ongoing projects which increased Construction in progress by $ 1,805,993.
- The Stormwater Fund has three large ongoing projects. Construction in progress increased by $ 1,106,331.
- There were no significant additions to the Solid Waste Fund.
- The Key West Bight Fund added $ 293,177 in capital equipment, which included Fuel Dock Pedestal #10 for $ 103,033 and Ferry Terminal Surveillance System for $ 62,881. Construction in progress increased by $ 655,974. There are multiple ongoing projects. Currently the largest project is 201 William Street which added $ 437,310 for the year.

- The Transit Fund added $ 467,240 in equipment which included $ 269,754 for an info transit system for 16 city buses and $ 113,499 for auto monitoring system. Also, the bus equipment which included radios and video equipment costing $ 263,843. The fund also recognized the disposal of 2 buses totaling $ 514,243.

- The Garrison Bight added $ 338,589 for the Tarpon Pier finger extensions and $ 106,315 for the Wahoo & Kingfish Pier replacement. In addition, various machinery and equipment was added.

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

Debt Administration

At year-end, the City had $ 8,525,339 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 22	FY 21	FY 22	FY 21	FY 22	FY 21
Promissory notes	$ -	$ -	$ -	$ 180,235	$ -	$ 180,235
Capital lease	154,160	308,365	-	-	154,160	308,365
Revenue bonds and notes	-	-	8,371,179	10,417,240	8,371,179	10,417,240
Totals	$ 154,160	$ 308,365	$ 8,371,179	$ 10,597,475	$ 8,525,339	$ 10,905,840

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

In the first several months of fiscal year 2022, the local economy was thriving, and tourism related revenue collections were experiencing continued growth over the previous year. Through the collection of parking fares, sales tax proceeds, marina transient dockage, and the re-introduction of disembarkation fees, the City's focus on municipal governance, the delivery of quality services, and its commitment to the priorities of the Key West Forward strategic plan was on track and the City was flourishing. However, in March of 2022, the state of global economy began to become evident throughout the City of Key West. Although revenue collections remained steady, the cost of goods and services began to rise at an exponential rate and the rising cost-of-living and availability of housing made it so the City, along with many businesses in the community, found it increasingly difficult to find and retain employees. While the City is currently in a strong fiscal position, significant challenges lie ahead.

When the City began its budget development for fiscal year 2023, revenue collections were steady, however, based on the declining state of the global economy and rising rates of inflation, most revenue projections remained steady or decreased slightly from fiscal year 2022. With expenditure increases in labor costs, the cost of goods and services, and vendor and contract pricing, the need to generate additional revenue became evident to continue investing in the City's infrastructure needs, affordable housing initiatives, the advancement of traffic and pedestrian friendliness, and the cleanliness and resiliency of our island.

The fiscal year 2023 General Fund budget is $ 82.2 million, which is approximately a $ 13.7 million increase from the original adopted fiscal year 2022 budget of $ 68.5 million. Planned increases in personnel services, to include additional public safety personnel, the continued support of the City's strategic plan, Key West Forward, and the increased allocations for capital purchases and projects in the 2023 budget are supported through the funding received from the federal government via the American Rescue Plan Act, increases to several regulatory fees, the re-introduction of disembarkation fees, and a 10% increase to ad valorem taxes.

The City's fiscal year 2023 City wide adopted budget is $ 225.9 million, which is approximately a $ 18.4 million increase (or 8.87%) from the original adopted fiscal year 2022 budget of $ 207.5 million. Charges for services for the City's three utilities were adjusted for fiscal year 2023 to account for increased contract pricing. Specifically, wastewater, stormwater and solid waste were adjusted 3%, 3% and 5%, respectively. Most city-wide commercial tenant leases have built-in fixed increases and all other marina fees were left unchanged for fiscal year 2023.

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.

FINANCIAL SECTION

City of Key West, Florida
Statement of Net Position
September 30, 2022

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
Assets:				
Cash, cash equivalents, and investments	$ 60,463,125	$ 55,728,604	$ 116,191,729	$ 6,276,612
Cash, cash equivalents, and investments (restricted)	-	546,636	546,636	4,698,172
Accounts receivable (net of allowances)	2,413,772	2,808,336	5,222,108	119,171
Lease receivables	8,617,182	16,252,423	24,869,605	-
Intergovernmental receivables	3,152,245	2,947,532	6,099,777	1,327,650
Inventories	32,675	677,870	710,545	125,040
Prepaid items and other assets	2,082,387	55,181	2,137,568	778,935
Internal balances	1,085,215	(1,085,215)	-	-
Capital assets, not being depreciated:				
Land	56,605,896	18,681,034	75,286,930	15,163,552
Works of art	137,400	-	137,400	-
Construction in progress	7,449,900	13,626,966	21,076,866	5,027,254
Capital assets, being depreciated:				
Buildings and improvements	55,752,407	57,269,770	113,022,177	86,975,158
Machinery, equipment and furniture	29,695,329	19,617,847	49,313,176	2,193,645
Works of art	220,510	-	220,510	-
Infrastructure	98,865,501	188,948,787	287,814,288	1,206,645
Accumulated depreciation	(77,203,475)	(154,063,614)	(231,267,089)	(40,770,278)
Other, including loans, mortgages, and other notes receivable	1,541,402	1,352,862	2,894,264	-
Net pension asset	6,900,347	2,295,212	9,195,559	763,468
Total assets	257,811,818	225,660,231	483,472,049	83,885,024
Deferred Outflows of Resources:				
Deferred outflows relating to pensions	21,987,158	545,145	22,532,303	202,056
Deferred outflows relating to other post employment benefits (OPEB)	1,288,639	95,856	1,384,495	476,333
Deferred charge on refunding	-	53,091	53,091	-
Total deferred outflows of resources	23,275,797	694,092	23,969,889	678,389
Total assets and deferred outflows of resources	$ 281,087,615	$ 226,354,323	$ 507,441,938	$ 84,563,413
Liabilities:				
Accounts payable and accrued expenses	$ 991,507	$ 1,673,128	$ 2,664,635	$ 2,025,473
Accrued payroll and benefits	1,904,302	222,409	2,126,711	-
Unearned revenue	14,429,715	1,549,078	15,978,793	88,965
Intergovernmental	239,049	-	239,049	159,572
Deposits	36,194	-	36,194	494,571
Contracts and retainage payable	948,023	462,872	1,410,895	-
Accrued interest	3,448	110,923	114,371	196,382
Noncurrent liabilities:				
Due within one year	5,264,328	1,979,021	7,243,349	1,729,242
Due in more than one year	9,763,179	7,715,581	17,478,760	50,652,070
Total liabilities	33,579,745	13,713,012	47,292,757	55,346,275
Deferred Inflows of Resources:				
Deferred inflows relating to pensions	20,303,494	1,882,141	22,185,635	1,691,038
Deferred inflows relating to lease receivables	8,574,420	16,184,140	24,758,560	-
Deferred inflows relating to other post employment benefits (OPEB)	6,693,532	515,613	7,209,145	408,954
			-	
Total deferred inflows of resources	35,571,446	18,581,894	54,153,340	2,099,992
Net Position:				
Net investment in capital assets	170,421,285	135,299,830	305,721,115	18,694,960
Restricted for:				
Infrastructure and capital projects	13,863,550	-	13,863,550	-
Transportation	6,155,137	-	6,155,137	-
Building Department	1,000,047	-	1,000,047	-
Natural resources	2,195,744	-	2,195,744	-
Housing initiatives and urban redevelopment	7,607,061	-	7,607,061	4,203,601
Law enforcement	132,736	-	132,736	-
Unrestricted	10,560,864	58,759,587	69,320,451	4,218,585
Total net position	211,936,424	194,059,417	405,995,841	27,117,146
Total liabilities, deferred inflows of resources and net position	$ 281,087,615	$ 226,354,323	$ 507,441,938	$ 84,563,413

City of Key West, Florida
Statement of Activities
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit
Primary Government:								
Governmental activities:								
General government	$ 18,577,206	$ 3,956,669	$ 306,317	$ -	$ (14,314,220)	$ -	$ (14,314,220)	$ -
Public safety	32,192,694	5,448,835	96,758	241,963	(26,405,138)	-	(26,405,138)	-
Transportation	5,639,908	8,424,025	-	82,568	2,866,685	-	2,866,685	-
Economic environment	5,744,712	20,000	490,144	-	(5,234,568)	-	(5,234,568)	-
Culture and recreation	4,377,853	882,944	1,818,828	35,685	(1,640,396)	-	(1,640,396)	-
Human services	795,887	-	-	-	(795,887)	-	(795,887)	-
Interest and other fiscal charges	4,812	-	-	-	(4,812)	-	(4,812)	-
Total governmental activities	67,333,072	18,732,473	2,712,047	360,216	(45,528,336)	-	(45,528,336)	-
Business-Type Activities:								
Sanitary Sewer System	10,586,654	12,312,305	-	23,382	-	1,749,033	1,749,033	-
Solid Waste	8,411,433	10,083,907	-	-	-	1,672,474	1,672,474	-
Key West Bight	7,918,318	15,229,381	-	-	-	7,311,063	7,311,063	-
Stormwater	2,999,550	2,389,572	-	608,655	-	(1,323)	(1,323)	-
Garrison Bight	2,257,562	3,206,968	18,453	-	-	967,859	967,859	-
Transit System	4,569,808	1,538,095	2,604,698	404,881	-	(22,134)	(22,134)	-
Total business-type activities	36,743,325	44,760,228	2,623,151	1,036,918	-	11,676,972	11,676,972	-
Total primary government	$ 104,076,397	$ 63,492,701	$ 5,335,198	$ 1,397,134	(45,528,336)	11,676,972	(33,851,364)	-
Component Unit:								
The Housing Authority of of the City of Key West, Florida	$ 18,280,766	$ 10,776,377	$ 9,568,839	$ 89,263				2,153,713
General revenues:								
Taxes:								
Property taxes, levied for general purposes					18,252,831	-	18,252,831	-
Communications taxes					1,229,660	-	1,229,660	-
Local business tax					1,461,046	-	1,461,046	-
Municipal revenue sharing gas and cigarette tax					1,927,966	-	1,927,966	-
One cent sales tax					13,293,562	-	13,293,562	-
Half cent sales tax					6,874,935	-	6,874,935	-
Local option gas tax					1,963,442	-	1,963,442	-
Intergovernmental income (unrestricted)					179,502	-	179,502	-
Payment in lieu of tax					707,863	-	707,863	-
Investment earnings					308,692	396,090	704,782	8,240
Other, including gain on sale of capital assets					4,585,274	784,096	5,369,370	859,517
Transfers in (out)					7,528,630	(7,528,630)	-	-
Total general revenues and transfers					58,313,403	(6,348,444)	51,964,959	867,757
Change in net position					12,785,067	5,328,528	18,113,595	3,021,470
Net Position, October 1					199,151,357	188,730,889	387,882,246	24,095,676
Net Position, September 30					$ 211,936,424	$ 194,059,417	$ 405,995,841	$ 27,117,146

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, 2022

	General Fund	Community Development Office Fund	Gas Tax Fund	Infrastructure Surtax Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:							
Cash, cash equivalents, and investments	$ 28,134,600	$ 223,312	$ 3,455,053	$ 12,616,814	$ 628,923	$ 12,568,872	$ 57,627,574
Receivables (net of allowance for uncollectibles):							
Accounts	1,545,630	197,841	-	-	-	-	1,743,471
Intergovernmental	975,742	128,739	298,252	929,233	-	820,279	3,152,245
Mortgage notes	-	1,541,402	-	-	-	-	1,541,402
Interfund	-	-	419,000	-	-	-	419,000
Lease	8,617,182	-	-	-	-	-	8,617,182
Inventories	32,675	-	-	-	-	-	32,675
Advances to other funds	642,012	-	-	-	-	-	642,012
Prepaids	132,289	300	-	1,884,611	-	270	2,017,470
Total assets	$ 40,080,130	$ 2,091,594	$ 4,172,305	$ 15,430,658	$ 628,923	$ 13,389,421	$ 75,793,031
Liabilities:							
Accounts payable	$ 675,848	$ 2,789	$ 35,469	$ 52,604	$ -	$ 219,235	$ 985,945
Accrued payroll and related expenditures	1,841,952	-	12,780	8,648	4,532	29,780	1,897,692
Interfund	147,156	-	1,621	801	410	3,082	153,070
Intergovernmental	67,299	171,750	-	-	-	-	239,049
Deposits	36,194	-	-	-	-	-	36,194
Unearned revenue	13,005,554	1,316,594	56,384	36,247	-	7,530	14,422,309
Contracts and retainage payable	44,752	-	482,792	208,178	-	212,301	948,023
Total liabilities	15,818,755	1,491,133	589,046	306,478	4,942	471,928	18,682,282
Deferred Inflows of Resources:							
Deferred amount on lease receivables	8,574,420	-	-	-	-	-	8,574,420
Fund Balances:							
Non-spendable:							
Inventories	32,675	-	-	-	-	-	32,675
Long-term advances/notes	642,012	-	-	-	-	-	642,012
Prepaids	132,289	300	-	1,884,611	-	270	2,017,470
Leases	42,762	-	-	-	-	-	42,762
Restricted for:							
Infrastructure and capital projects	-	-	-	13,239,569	623,981	-	13,863,550
Housing initiatives and urban redevelopment	-	195,117	-	-	-	7,411,944	7,607,061
Law enforcement	-	-	-	-	-	132,736	132,736
Building department	1,000,047	-	-	-	-	-	1,000,047
Transportation	-	-	3,583,259	-	-	2,571,878	6,155,137
Natural resources	-	-	-	-	-	2,195,744	2,195,744
Committed to:							
Art in public places	-	-	-	-	-	152,083	152,083
Truman Waterfront	-	-	-	-	-	161,233	161,233
Renewable resources	-	-	-	-	-	291,605	291,605
Housing initiatives and urban redevelopment	-	405,044	-	-	-	-	405,044
Culture and recreation	60,019	-	-	-	-	-	60,019
Assigned to:							
Subsequent year's budget	1,678,637	-	-	-	-	-	1,678,637
Unassigned	12,098,514	-	-	-	-	-	12,098,514
Total fund balances	15,686,955	600,461	3,583,259	15,124,180	623,981	12,917,493	48,536,329
Total liabilities, deferred inflows and fund balances	$ 40,080,130	$ 2,091,594	$ 4,172,305	$ 15,430,658	$ 628,923	$ 13,389,421	$ 75,793,031

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, 2022

Fund Balances - Total Governmental Funds		$ 48,536,329
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.		171,523,468
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.		(257,127)
Certain funds related to pension and OPEB deferred inflows/ outflows are not reported in the governmental funds.		
Deferred outflows relating to pensions	$ 21,987,158	
Deferred outflows relating to other post employment benefits (OPEB)	1,288,639	
Deferred inflows relating to pensions	(20,303,494)	
Deferred inflows relating to other post employment benefits (OPEB)	(6,693,532)	(3,721,229)
Net pension asset is not an available resource and, therefore, is not reported in the governmental funds.		6,900,347
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	$ (857,889)	
Other post employment benefits (OPEB)	(4,863,515)	
Accrued interest	(3,448)	
Capital lease	(154,160)	
Compensated absences*	(5,166,352)	(11,045,364)
Net Position of Governmental Activities		$ 211,936,424

* 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, 2022

	General Fund	Community Development Office Fund	Gas Tax Fund	Infrastructure Surtax Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	$ 18,723,430	$ -	$ 1,963,442	$ 13,293,562	$ -	$ 1,273,755	$ 35,254,189
Licenses and permits	4,380,709	-	-	-	-	-	4,380,709
Intergovernmental	12,177,570	457,776	65,505	52,748	-	392,878	13,146,477
Charges for services	9,641,750	-	-	-	-	1,808,423	11,450,173
Fines and forfeitures	922,225	-	-	-	-	1,539	923,764
Investment earnings	133,628	2,155	24,829	70,988	3,934	73,158	308,692
Rental income	2,388,131	-	-	-	-	-	2,388,131
Contributions and other	243,704	20,000	716,415	-	-	74,085	1,054,204
Total revenues	48,611,147	479,931	2,770,191	13,417,298	3,934	3,623,838	68,906,339
Expenditures:							
Current:							
General government	17,586,665	-	-	259,500	102,041	55,305	18,003,511
Public safety	32,100,124	-	-	9,732	-	22,902	32,132,758
Transportation	365,286	-	1,176,186	-	-	1,102,860	2,644,332
Economic environment	3,876,554	575,110	-	-	-	955,198	5,406,862
Culture and recreation	3,257,351	-	-	49,098	-	812,193	4,118,642
Human services	790,867	-	-	-	-	-	790,867
Capital outlay	615,272	-	3,832,837	2,814,698	-	463,467	7,726,274
Debt service:							
Principal	-	-	-	154,205	-	-	154,205
Interest	-	-	-	4,092	-	-	4,092
Total expenditures	58,592,119	575,110	5,009,023	3,291,325	102,041	3,411,925	70,981,543
Excess (deficiency) of revenues over expenditures	(9,980,972)	(95,179)	(2,238,832)	10,125,973	(98,107)	211,913	(2,075,204)
Other financing sources (uses):							
Transfers in	11,549,567	82,308	1,990,495	-	373,760	1,947,753	15,943,883
Transfers out	(1,864,346)	-	(253,098)	(3,474,450)	(10,756)	(2,402,514)	(8,005,164)
Sale of general capital assets	3,640,000	-	-	43,170	-	-	3,683,170
Total other financing sources (uses)	13,325,221	82,308	1,737,397	(3,431,280)	363,004	(454,761)	11,621,889
Net changes in fund balances	3,344,249	(12,871)	(501,435)	6,694,693	264,897	(242,848)	9,546,685
Fund balances, October 1	12,342,706	613,332	4,084,694	8,429,487	359,084	13,160,341	38,989,644
Fund balances, September 30	$ 15,686,955	$ 600,461	$ 3,583,259	$ 15,124,180	$ 623,981	$ 12,917,493	$ 48,536,329

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, 2022

Net Change in Fund Balances - Total Governmental Funds			$ 9,546,685
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. This is the amount by which capital outlay exceeded depreciation expense for the current period:			
Expenditures for capital assets	$	7,726,274	
Less: Net book value of disposed capital assets		(96,692)	
Less: current year depreciation		(7,005,243)	624,339
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.			154,205
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:			
Change in net pension asset	$	5,955,293	
Change in net pension liability		6,199,164	
Change in other post employment benefits (OPEB)		891,601	
Change in accrued interest		(720)	
Change in compensated absences		(256,701)	12,788,637
Certain changes related to pension liabilities and OPEB are not reported in the net change in the governmental funds:			
Change in deferred outflows relating to pensions	$	5,914,511	
Change in deferred outflows relating to other post employment benefits (OPEB)		6,052	
Change in deferred inflows relating to pensions		(14,798,219)	
Change in deferred inflows relating to other post employment benefits (OPEB)		(882,402)	(9,760,058)
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.			(568,741)
Change in Net Position of Governmental Activities			$ 12,785,067

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, 2022

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Taxes	$ 18,977,225	$ 18,977,225	$ 18,723,430	$ (253,795)
Licenses and permits	4,674,300	4,674,300	4,380,709	(293,591)
Intergovernmental	9,734,016	9,983,074	12,177,570	2,194,496
Charges for services	9,628,913	9,648,943	9,641,750	(7,193)
Fines and forfeitures	776,000	776,000	922,225	146,225
Investment earnings	20,000	20,000	133,628	113,628
Rental income	2,056,985	2,056,985	2,388,131	331,146
Contributions and other	150,000	171,580	243,704	72,124
Total revenues	46,017,439	46,308,107	48,611,147	2,303,040
Expenditures:				
Personnel services	45,116,349	45,358,565	44,351,845	1,006,720
Operating	9,758,282	10,653,795	9,748,448	905,347
Capital outlay	275,336	789,149	615,272	173,877
Aid to private organizations	210,500	3,900,500	3,876,554	23,946
Total expenditures	55,360,467	60,702,009	58,592,119	2,109,890
Excess (deficiency) of revenues over expenditures	(9,343,028)	(14,393,902)	(9,980,972)	4,412,930
Other Financing Sources (Uses):				
Transfers in	11,679,811	11,734,781	11,549,567	(185,214)
Transfers out	(1,864,346)	(1,864,346)	(1,864,346)	-
Sale of general capital assets	25,000	3,665,000	3,640,000	(25,000)
Total other financing sources (uses)	9,840,465	13,535,435	13,325,221	(210,214)
Net change in fund balance	$ 497,437	$ (858,467)	3,344,249	$ 4,202,716
Fund Balance, October 1			12,342,706	
Fund Balance, September 30			$ 15,686,955	

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, 2022

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Intergovernmental	$ 33,006	$ 33,006	$ 457,776	$ 424,770
Investment earnings	-	-	2,155	2,155
Contributions and other	-	-	20,000	20,000
Total revenues	33,006	33,006	479,931	446,925
Expenditures:				
Personnel services	93,944	93,944	111,852	(17,908)
Operating	21,370	21,370	463,258	(441,888)
Total expenditures	115,314	115,314	575,110	(459,796)
Excess (deficiency) of revenue over expenditures	(82,308)	(82,308)	(95,179)	(12,871)
Other Financing Sources (Uses):				
Transfers in	82,308	82,308	82,308	-
Total other financing sources (uses)	82,308	82,308	82,308	-
Net change in fund balance	$ -	$ -	(12,871)	$ (12,871)
Fund Balance, October 1			613,332	
Fund Balance, September 30			$ 600,461	

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, 2022

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Taxes	$ 1,837,425	$ 1,837,425	$ 1,963,442	$ 126,017
Intergovernmental	-	-	65,505	65,505
Investment earnings	5,000	5,000	24,829	19,829
Contributions and other	-	150,332	716,415	566,083
Total revenues	1,842,425	1,992,757	2,770,191	777,434
Expenditures:				
Personnel services	359,696	359,696	320,110	39,586
Operating	888,794	893,979	856,076	37,903
Capital outlay	2,864,495	3,014,827	3,832,837	(818,010)
Total expenditures	4,112,985	4,268,502	5,009,023	(740,521)
Excess (deficiency) of revenue over expenditures	(2,270,560)	(2,275,745)	(2,238,832)	36,913
Other Financing Sources (Uses):				
Transfers in	1,990,495	1,990,495	1,990,495	-
Transfers out	(253,098)	(253,098)	(253,098)	-
Total other financing sources (uses)	1,737,397	1,737,397	1,737,397	-
Net change in fund balance	$ (533,163)	$ (538,348)	(501,435)	$ 36,913
Fund Balance, October 1			4,084,694	
Fund Balance, September 30			$ 3,583,259	

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, 2022

	Sanitary Sewer System	Solid Waste	Key West Bight	Stormwater	Transit System	Garrison Bight	Total	Governmental Activities Internal Service Fund
Assets:								
Current assets:								
Cash, cash equivalents and investments	$ 15,520,363	$ 10,114,364	$ 23,750,260	$ 2,969,095	$ 1,191	$ 3,373,331	$ 55,728,604	$ 2,835,551
Receivables, net of allowance for uncollectibles:								
Accounts	906,979	517,860	1,134,512	3,410	28,451	217,124	2,808,336	670,301
Intergovernmental	173,443	3,834	-	1,236,404	1,533,851	-	2,947,532	-
Interfund	-	-	-	-	-	-	-	177,273
Lease	-	-	16,252,423	-	-	-	16,252,423	-
Prepaid expenses	-	-	40,292	-	3,990	10,899	55,181	64,917
Note receivable	-	-	95,806	-	-	-	95,806	-
Inventories	501,079	-	106,888	18,913	50,990	-	677,870	-
	17,101,864	10,636,058	41,380,181	4,227,822	1,618,473	3,601,354	78,565,752	3,748,042
Restricted assets:								
Cash, cash equivalents and investments	296,388	250,248	-	-	-	-	546,636	-
Total current assets	17,398,252	10,886,306	41,380,181	4,227,822	1,618,473	3,601,354	79,112,388	3,748,042
Noncurrent assets:								
Net pension asset	137,933	216,096	549,894	41,380	1,090,593	259,316	2,295,212	-
Note receivable, less current portion	-	-	1,257,056	-	-	-	1,257,056	-
Advances to other funds	1,088,232	-	-	-	-	-	1,088,232	-
Capital Assets:								
Land	6,480	3,745,027	14,879,527	-	50,000	-	18,681,034	-
Buildings and improvements	23,345,932	8,677,969	9,706,615	-	12,757,622	2,781,632	57,269,770	-
Infrastructure	119,351,382	3,697	17,682,121	38,230,786	1,114,868	12,565,933	188,948,787	-
Machinery, equipment and furniture	5,792,460	540,736	1,746,774	31,925	10,812,950	693,002	19,617,847	-
Accumulated depreciation	(90,203,417)	(6,278,429)	(15,401,792)	(22,486,910)	(12,386,514)	(7,306,552)	(154,063,614)	-
Construction in progress	7,910,910	91,447	1,508,153	4,032,832	-	83,624	13,626,966	-
Total noncurrent assets	67,429,912	6,996,543	31,928,348	19,850,013	13,439,519	9,076,955	148,721,290	-
Total assets	84,828,164	17,882,849	73,308,529	24,077,835	15,057,992	12,678,309	227,833,678	3,748,042
Deferred Outflows of Resources:								
Deferred outflows relating to pensions	32,761	51,326	130,608	9,828	259,031	61,591	545,145	-
Deferred outflows relating to other post employment benefits (OPEB)	6,170	11,878	28,424	1,839	42,221	5,324	95,856	-
Deferred charge on refunding	53,091	-	-	-	-	-	53,091	-
Total deferred outflows of resources	92,022	63,204	159,032	11,667	301,252	66,915	694,092	-
Total assets and deferred outflows of resources	$ 84,920,186	$ 17,946,053	$ 73,467,561	$ 24,089,502	$ 15,359,244	$ 12,745,224	$ 228,527,770	$ 3,748,042

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, 2022

	Sanitary Sewer System	Solid Waste	Key West Bight	Stormwater	Transit System	Garrison Bight	Total	Governmental Activities Internal Service Fund
Liabilities:								
Current liabilities:								
Accounts payable	$ 91,237	$ 874,243	$ 354,530	$ 30,543	$ 78,471	$ 54,142	$ 1,483,166	$ 5,562
Accrued payroll and related expenses	12,365	25,608	45,277	6,182	101,372	31,605	222,409	6,610
Compensated absences	27,894	61,315	67,380	13,947	191,126	26,787	388,449	8,419
Accrued expenses	-	-	189,962	-	-	-	189,962	-
Accrued interest	110,923	-	-	-	-	-	110,923	-
Interfund	1,211	2,422	6,073	410	428,742	4,345	443,203	-
Contracts and retainage payable	255,917	700	38,126	136,450	4,355	27,324	462,872	-
Insurance claims payable	-	-	-	-	-	-	-	1,151,541
Unearned revenue	423,988	250,248	550,145	-	-	324,697	1,549,078	7,406
Revenue bonds payable	1,590,572	-	-	-	-	-	1,590,572	-
Total current liabilities	2,514,107	1,214,536	1,251,493	187,532	804,066	468,900	6,440,634	1,179,538
Noncurrent liabilities:								
Revenue bonds payable	6,780,607	-	-	-	-	-	6,780,607	-
Advances from other funds	-	-	-	1,730,244	-	-	1,730,244	-
Insurance claims payable	-	-	-	-	-	-	-	2,823,383
Customer deposits	600	-	237,825	-	2,030	252,246	492,701	-
Other post employment benefits (OPEB) liability	17,188	6,099	66,278	32,158	170,987	46,057	338,767	-
Compensated absences	7,433	16,338	17,954	3,716	50,927	7,138	103,506	2,248
Total noncurrent liabilities	6,805,828	22,437	322,057	1,766,118	223,944	305,441	9,445,825	2,825,631
Total liabilities	9,319,935	1,236,973	1,573,550	1,953,650	1,028,010	774,341	15,886,459	4,005,169
Deferred Inflows of Resources:								
Deferred inflows relating to leases	-	-	16,184,140	-	-	-	16,184,140	-
Deferred inflows relating to pensions	113,109	177,205	450,930	33,933	894,319	212,645	1,882,141	-
Deferred inflows relating to other post employment benefits (OPEB)	40,806	75,201	86,736	12,244	263,575	37,051	515,613	-
Total deferred inflows of resources	153,915	252,406	16,721,806	46,177	1,157,894	249,696	18,581,894	-
Net Position:								
Net investment in capital assets	57,629,742	6,779,747	30,083,272	19,672,183	12,344,571	8,790,315	135,299,830	-
Unrestricted	17,816,594	9,676,927	25,088,933	2,417,492	828,769	2,930,872	58,759,587	(257,127)
Total net position	75,446,336	16,456,674	55,172,205	22,089,675	13,173,340	11,721,187	194,059,417	(257,127)
Total liabilities, deferred inflows of resources and net position	$ 84,920,186	$ 17,946,053	$ 73,467,561	$ 24,089,502	$ 15,359,244	$ 12,745,224	$ 228,527,770	$ 3,748,042

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, 2022

	Sanitary Sewer System	Solid Waste	Key West Bight	Stormwater	Transit System	Garrison Bight	Total	Governmental Activities Internal Service Fund
Operating Revenues:								
Charges for services	$ 12,312,305	$ 10,083,907	$ 15,229,381	$ 2,389,572	$ 1,538,095	$ 3,206,968	$ 44,760,228	$ 10,815,331
Total operating revenues	12,312,305	10,083,907	15,229,381	2,389,572	1,538,095	3,206,968	44,760,228	10,815,331
Operating Expenses:								
Personnel services	262,598	642,262	1,067,768	127,343	2,296,458	801,033	5,197,462	150,737
Other operating expenses	6,834,687	7,323,757	5,832,071	1,155,726	1,057,545	848,626	23,052,412	11,169,183
Depreciation	3,239,440	445,414	1,018,479	1,650,321	1,215,805	606,993	8,176,452	-
Total operating expenses	10,336,725	8,411,433	7,918,318	2,933,390	4,569,808	2,256,652	36,426,326	11,319,920
Operating income (loss)	1,975,580	1,672,474	7,311,063	(543,818)	(3,031,713)	950,316	8,333,902	(504,589)
Nonoperating Revenues (Expenses):								
Grant income (operating)	-	-	-	-	2,604,698	18,453	2,623,151	-
Investment earnings	138,078	66,379	151,839	21,420	(2,536)	20,910	396,090	16,659
Other income	97,993	483	431,816	-	55,592	198,212	784,096	329,278
Gain (loss) on disposition of capital assets	-	-	-	-	-	(910)	(910)	-
Interest expense and other fiscal charges	(249,929)	-	-	(66,160)	-	-	(316,089)	-
Net nonoperating revenues (expenses)	(13,858)	66,862	583,655	(44,740)	2,657,754	236,665	3,486,338	345,937
Income (loss) before transfers	1,961,722	1,739,336	7,894,718	(588,558)	(373,959)	1,186,981	11,820,240	(158,652)
Transfers and Other:								
Capital contributions (grants)	23,382	-	-	608,655	404,881	-	1,036,918	-
Transfers in	-	-	2,000,000	-	-	-	2,000,000	-
Transfers out	(922,009)	(1,753,600)	(5,446,645)	(552,229)	(408,943)	(445,204)	(9,528,630)	(410,089)
Total transfers and other	(898,627)	(1,753,600)	(3,446,645)	56,426	(4,062)	(445,204)	(6,491,712)	(410,089)
Changes in net position	1,063,095	(14,264)	4,448,073	(532,132)	(378,021)	741,777	5,328,528	(568,741)
Net Position, October 1	74,383,241	16,470,938	50,724,132	22,621,807	13,551,361	10,979,410	188,730,889	311,614
Net Position, September 30	$ 75,446,336	$ 16,456,674	$ 55,172,205	$ 22,089,675	$ 13,173,340	$ 11,721,187	$ 194,059,417	$ (257,127)

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, 2022

	Sanitary Sewer System	Solid Waste	Key West Bight	Stormwater	Transit System	Garrison Bight	Total	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:								
Cash received from customers	$ 12,242,243	$ 10,582,930	$ 15,428,549	$ 2,388,015	$ 1,522,265	$ 3,366,959	$ 45,530,961	$ -
Cash received from interfund charges	-	-	-	-	-	-	-	10,951,863
Cash paid to suppliers	(6,787,373)	(7,272,734)	(5,606,879)	(1,128,062)	(600,560)	(896,052)	(22,291,660)	(11,457,769)
Cash paid to employees	(297,910)	(678,628)	(1,299,696)	(96,651)	(2,443,916)	(802,259)	(5,619,060)	(140,152)
Other receipts	97,993	483	431,816	-	55,592	198,212	784,096	329,278
Net cash provided by (used in) operating activities	5,254,953	2,632,051	8,953,790	1,163,302	(1,466,619)	1,866,860	18,404,337	(316,780)
Cash Flows from Noncapital Financing Activities:								
Proceeds from grants (operating purposes)	-	15,882	-	-	1,261,235	59,562	1,336,679	-
Repayments received on advances to other funds	116,159	-	-	-	-	-	116,159	-
Repayments made on advances from other funds	-	-	-	(274,366)	-	-	(274,366)	-
Interest paid on advances from other funds	-	-	-	(66,160)	-	-	(66,160)	-
Transfers in	-	-	2,000,000	-	-	-	2,000,000	-
Transfers (out)	(922,009)	(1,753,600)	(5,446,645)	(552,229)	(408,943)	(445,204)	(9,528,630)	(410,089)
Net cash provided by (used in) noncapital financing activities	(805,850)	(1,737,718)	(3,446,645)	(892,755)	852,292	(385,642)	(6,416,318)	(410,089)
Cash Flows from Capital and Related Financing Activities:								
Proceeds from capital contributions	(20,100)	-	-	929,001	1,002,157	-	1,911,058	-
Acquisition and construction of capital assets, net	(2,531,621)	(23,196)	(1,276,861)	(1,256,189)	(407,325)	(397,230)	(5,892,422)	-
Lease payments received, net	-	-	(68,283)	-	-	-	(68,283)	-
Principal paid on revenue bonds	(2,046,061)	-	-	-	-	-	(2,046,061)	-
Interest paid and other fiscal charges	(250,486)	-	-	-	-	-	(250,486)	-
Repayments and payments on notes	(180,235)	-	110,214	-	-	-	(70,021)	-
Net cash provided by (used in) capital and related financing activities	(5,028,503)	(23,196)	(1,234,930)	(327,188)	594,832	(397,230)	(6,416,215)	-
Cash Flows from Investing Activities:								
Investment earnings	138,078	66,379	151,839	21,420	(2,536)	20,910	396,090	16,659
Net cash provided by (used in) investing activities	138,078	66,379	151,839	21,420	(2,536)	20,910	396,090	16,659
Net increase (decrease) in cash, cash equivalents and investments	(441,322)	937,516	4,424,054	(35,221)	(22,031)	1,104,898	5,967,894	(710,210)
Cash, Cash Equivalents and Investments, October 1	16,258,073	9,427,096	19,326,206	3,004,316	23,222	2,268,433	50,307,346	3,545,761
Cash, Cash Equivalents and Investments, September 30	$ 15,816,751	$ 10,364,612	$ 23,750,260	$ 2,969,095	$ 1,191	$ 3,373,331	$ 56,275,240	$ 2,835,551
Reconciliation to Statement of Net Position:								
Cash, cash equivalents and investments	$ 15,520,363	$ 10,114,364	$ 23,750,260	$ 2,969,095	$ 1,191	$ 3,373,331	$ 55,728,604	$ 2,835,551
Restricted cash, cash equivalents and investments	296,388	250,248	-	-	-	-	546,636	-
Cash, cash equivalents and investments	$ 15,816,751	$ 10,364,612	$ 23,750,260	$ 2,969,095	$ 1,191	$ 3,373,331	$ 56,275,240	$ 2,835,551

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, 2022

	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)	$ 1,975,580	$ 1,672,474	$ 7,311,063	$ (543,818)	$ (3,031,713)	$ 950,316	$ 8,333,902	$ (504,589)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Other nonoperating revenues	97,993	483	431,816	-	55,592	198,212	784,096	329,278
Depreciation	3,239,440	445,414	1,018,479	1,650,321	1,215,805	606,993	8,176,452	-
Decrease (increase) in assets:								
Accounts receivables, net	(32,513)	449,299	264,923	(1,557)	(12,330)	40,265	708,087	(103,386)
Interfund receivables, net	-	-	-	-	-	-	-	137,662
Prepaid expenses	-	-	(10,494)	-	(1,788)	(2,158)	(14,440)	4,917
Inventories	107	-	(13,801)	1,008	(21,853)	-	(34,539)	-
Net pension asset	(119,042)	(186,500)	(474,582)	(35,713)	(941,228)	(223,801)	(1,980,866)	-
Deferred outflows relating to pensions	7,443	11,660	29,672	2,233	58,849	13,993	123,850	-
Deferred outflows relating to other post employment benefits (OPEB)	(70)	(131)	86	(25)	(636)	60	(716)	-
Increase (decrease) in liabilities:								
Accounts payable	47,890	51,915	256,353	26,814	68,551	(42,384)	409,139	1,218
Accrued payroll and related expenses	3,633	11,888	9,109	3,422	39,414	12,376	79,842	3,459
Accrued expenses	-	-	66	-	-	-	66	-
Interfund payable, net	(683)	(892)	(6,932)	(158)	412,075	(2,884)	400,526	-
Insurance claims payable	-	-	-	-	-	-	-	(191,335)
Unearned revenue	(37,549)	49,724	(63,031)	-	-	111,396	60,540	(1,130)
Customer deposits	-	-	(2,724)	-	(3,500)	8,330	2,106	-
Other post employment benefits (OPEB) liability	(8,540)	(46,496)	(123,411)	24,346	(107,790)	30,564	(231,327)	-
Compensated absences	(13,946)	20,984	1,078	7,293	39,617	14,568	69,594	7,126
Deferred inflows relating to pensions	84,946	133,083	338,654	25,484	671,645	159,699	1,413,511	-
Deferred inflows relating to other post employment benefits (OPEB)	10,264	19,146	(12,534)	3,652	92,671	(8,685)	104,514	-
Total adjustments	3,279,373	959,577	1,642,727	1,707,120	1,565,094	916,544	10,070,435	187,809
Net cash provided by (used in) operating activities	$ 5,254,953	$ 2,632,051	$ 8,953,790	$ 1,163,302	$ (1,466,619)	$ 1,866,860	$ 18,404,337	$ (316,780)

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, 2022

Assets:	
Cash and cash equivalents	$ 5,870,806
Investments, at fair value:	
Equity securities	101,593,385
Corporate and foreign bonds and bond funds	19,111,397
Fixed income fund	6,836,994
Alternative investments	15,171,674
U.S. government securities	21,916,173
Collateralized mortgage obligations	5,248,876
Municipal obligations	655,701
Real estate	7,800,000
Receivables:	
Interest and dividends	417,998
Proceeds from securities sold	648,148
Other	7,515
Total assets	185,278,667
Liabilities:	
Accounts payable and accrued expenses	133,974
Payable for securities purchased	853,707
Total liabilities	987,681
Net Position:	
Restricted for pension benefits	$ 184,290,986

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, 2022

Additions:		
Contributions:		
Employer	$	5,109,339
Members		2,060,402
State police and fire		622,885
Total contributions		7,792,626
Investment earnings (losses):		
Net appreciation (depreciation) in fair value of investments		(36,228,203)
Interest, dividends and other investment earnings		5,115,065
Total investment earnings (losses)		(31,113,138)
Less: Investment expenses		921,817
Net investment earnings (losses)		(32,034,955)
Total additions		(24,242,329)
Deductions:		
Benefits paid		10,037,363
Administrative expenses		327,234
Total deductions		10,364,597
Changes in net position		(34,606,926)
Net Position, October 1		218,897,912
Net Position, September 30	$	184,290,986

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. Currently, the City of Key West is organized and exists under the provisions of Chapter 23374, Laws of Florida (1945), as amended. The City operates under a commission-manager form of government. The City provides services authorized by its charter, including public safety, public welfare, public improvements, planning and zoning, transportation, recreation, and general administrative services. The City complies with Accounting Principles Generally Accepted in the United States of America and those standards promulgated by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

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

B. Individual Component Unit Disclosures

Discretely Presented Component Unit:

The Housing Authority of the City of Key West, Florida (KWHA or the Authority) was created by Florida Statute Chapter 421 and by resolution of the City in 1938. The primary purpose of KWHA is to provide affordable housing to low income, elderly and disabled families in Key West. Programs are administered through the Department of Housing and Urban Development. The Authority's Board, appointed by the City Commission as required by statute, has full administrative responsibilities. The City provides approximately $ 560,000 of free sewer, solid waste and stormwater services annually to substantially all public housing facilities within the City limits. Except for these services, the City has no other obligations to KWHA. KWHA is considered a component unit of the City and is presented discretely in these financial statements. Financial information presented herein regarding KWHA reflects a December 31, 2021 year-end. Further information regarding KWHA, their financial statements, and their operations may be obtained by contacting them directly at: The Housing Authority of the City of Key West, Florida, 1400 Kennedy Drive, Key West, Florida 33040.

Blended Component Unit:

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

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

1. Summary of Significant Accounting Policies (continued)

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

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

Other Organizations:

The Utility Board of the City of Key West, Florida, or Keys Energy Services, is an independent utility board created by Florida Statute Chapter 21 to manage, operate, and maintain the electric utility servicing the citizens of Key West and the Lower Keys. The Board is elected by the voters of the community. In accordance with bond resolution requirements, the City annually receives a return from the system, a sum equal to the greater of (a) $ 200,000 (adjusted annually for changes in the Consumer Price Index) or (b) one percent (1%) of the gross revenues derived from sales of electricity at retail (exclusive of Power Cost Revenue, which are defined, for purposes of this paragraph, as (i) revenues determined by reference to the power cost component of base rates, plus or minus (ii) power cost adjustment charges or credits). For the fiscal year ended September 30, 2022, the City received payment of approximately $ 565,000. 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 within a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

1. Summary of Significant Accounting Policies (continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined. Revenues are considered to be "available" when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within sixty days of the end of the current fiscal period, except for federal and state grants, which are considered available if collection is expected within twelve months after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, OPEB liabilities, and claims and judgments, are recorded only when payment is due.

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

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

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

The City reports the following major governmental funds:

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

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

1. Summary of Significant Accounting Policies (continued)

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

The Garrison Bight Fund accounts for the provision of marina services to the residents and visitors 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, Truman Waterfront and Adaptation & Sustainability.

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

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

1. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

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

The City adopts an operating budget on a generally accepted accounting principles basis for all governmental and proprietary funds except as noted below. All appropriations lapse at the end of the fiscal year. The City is not legally required to, and does not, adopt budgets for the pension funds. For the year ended September 30, 2022, the City did not adopt a budget for the Navy Pier Payments Fund.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances are recorded at the time a purchase order or other commitment is entered into. Encumbrances outstanding at year-end represent the estimated amount of expenditures which would result if unperformed purchase orders and other commitments at year-end were 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 budgetary control is at the major category level; i.e., personnel services, operating, capital, debt service, aid to private organizations and transfers.

Budgetary Process:

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

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

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

Community Development Office Fund:		
Personnel services	$	17,908
Operating		441,888
Total	$	459,796
Gas Tax Fund:		
Capital outlay	$	818,010
Total	$	818,010

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.

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

1. Summary of Significant Accounting Policies (continued)

A deferred inflow of resources in recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

H. Prepaid Items

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

I. Inventories

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

J. Restricted Assets

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

K. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, machinery, equipment and furniture, and infrastructure (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.

1. Summary of Significant Accounting Policies (continued)

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. First, deferred charge on refunding reported in the proprietary funds and government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second and third items are the deferred outflows relating to the pension plans and other post-employment benefits (OPEB) and are discussed in further detail in Notes 6 and 7, respectively.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first item is the City's deferred outflows of resources related to leases and is discussed in further detail in Note 15. 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.

1. Summary of Significant Accounting Policies (continued)

O. Net Position/Fund Balance

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

Restricted net position 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 available to fund future operations.

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

The City follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy 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:

Non-spendable: 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, and leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource, 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. City Commission is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Resources accumulated pursuant to stabilization arrangements are reported in this category.

1. Summary of Significant Accounting Policies (continued)

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commission or through resolution by the Commission authorizing this responsibility to the City Manager. The City Commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally can only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

P. Minimum Fund Balance Policy

The City's policy is to maintain an adequate General Fund balance to meet seasonal shortfalls in cash flows and reduce the susceptibility to emergency and unanticipated expenditures and/or revenue shortfalls. The City Commission has adopted a policy that requires the City to maintain unassigned fund balance equivalent to a minimum ranging from 20% to 25% of the subsequent year's budgeted operating expenditures and transfers out. In 2022, the minimum fund balance required by the City Commission at the close of the fiscal year ranges from approximately $ 12,600,000 to $ 15,800,000; therefore, unassigned fund balance is below the prescribed limits. The City intends to meet and exceed the minimum fund balance level of 72 days, or 20%, by the end of fiscal year end 2023 through the collection of FEMA funding for the unforeseen Hurricane Ian expenditures which occurred at the end of the fiscal year 2022, several increased revenue streams, and the controlling of expenditures.

Q. Estimates

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

R. Date of Management Review

Subsequent events were evaluated by management through April 27, 2023, 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, 2022, the carrying amount of the City's deposits was approximately $ 25,610,000, with a bank balance of approximately $ 25,134,000. Included in the carrying amount of deposits was approximately $ 3,500 cash on hand.

B. Investments

As of September 30, 2022, the carrying value of the City's cash, cash equivalents and investments, was as follows:

	Cash	Cash Equivalents	Investments	Total
Cash, cash equivalents and investments	$ 25,609,628	$ 19,936	$ 90,562,165	$ 116,191,729
Restricted cash, cash equivalents, and investments	-	-	546,636	546,636
	$ 25,609,628	$ 19,936	$ 91,108,801	$ 116,738,365

As of September 30, 2022, the City's investment maturities and credit ratings were as follows:

	Market Value	Investment Maturities (in Years)		S & P Credit Rating
		Less than 1	1-5	
U.S. Government and Government Sponsored Entity Bonds/Notes	$ 2,054,440	$ -	$ 2,054,440	AAA
Money Market Mutual Funds	19,936	19,936	-	Not rated
Florida Fixed Income Trust	35,154,867	35,154,867	-	AAAf*
Florida Public Assets for Liquidity Management	7,445,397	7,445,397	-	AAAm
State Investment Pool: Florida Prime	46,454,097	46,454,097	-	AAAm
	$ 91,128,737	$ 89,074,297	$ 2,054,440	

* Includes $ 5,304,905 which is not rated, consisting of overnight and term FDIC insured deposits and qualified public depositories as defined in FL State Statutes, CH280.

2. Deposits and Investments (continued)

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

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

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

In accordance with *GASB Statement No. 79, Certain External Investment Pools and Pool Participants*, the City's investments in Florida PRIME and FL PALM meet the definition of a qualifying investment pool that measures for financial reporting purposes all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Interest rate risk - To the extent possible, the City's investment policy limits the investment maturities of current operating funds to no longer than twenty-four months. Investments of bond reserves, construction funds and other non-operating funds shall not exceed five years. The investment policy also provides maturity limitations by investment type. The investments at September 30, 2022 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, 2022, 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, 2022, 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 Local Government Surplus Funds - Florida Prime	51.0%
Florida Fixed Income Trust	38.6%
Florida Public Assets for Liquidity Management	8.1%
U.S. Government Securities - Treasuries	2.2%
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, 2022, 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, 2022, the City's pension plans had the following investments:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan
Equity Securities	$ 34,888,443	$ 66,704,942
Corporate and Foreign Bonds and Bond Funds	6,326,265	12,785,132
Fixed Income Fund	-	6,836,994
Alternative Investments	10,802,360	4,369,314
U.S. Government Securities	3,013,934	18,902,239
Collateralized Mortgage Obligations	5,248,876	-
Municipal Obligations	655,701	-
Real Estate	-	7,800,000
	$ 60,935,579	$ 117,398,621

As of September 30, 2022, the Plans' investment maturities and credit ratings were as follows:

General Employees Retirement Plan:

	Market Value	Investment Maturities (in Years) Less than 1	1 - 5	6 - 10	More than 10	S & P Credit Rating
U.S. Government Securities	$ 3,013,934	$ -	$ 1,193,099	$ 1,022,059	$ 798,776	Aaa*
Collateralized Mortgage Obligations	5,248,876	-	902,391	564,733	3,781,752	BBB through A**
Corporate and Foreign Bonds and Bond Funds	6,326,265	3,430,983	1,268,609	663,081	963,592	AA+ through BBB-***
Municipal Obligations	655,701	-	105,409	-	550,292	AAA through AA-****
	$ 15,244,776	$ 3,430,983	$ 3,469,508	$ 2,249,873	$ 6,094,412	

* Not rated by S & P; therefore, provided by Moody's credit rating.
** Includes $ 3,201,435 which is not rated.
*** Includes $ 4,389,901 which is not rated.
**** Includes $ 107,429 which is not rated.

The General Employees Pension Plan includes $ 1,071,779 (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) Less than 1	1 - 5	6 - 10	More than 10	S & P Credit Rating
U.S. Government Securities	$ 18,902,239	$ 26,763	$ 8,083,996	$ 118,536	$ 10,672,944	AAA through B-*
Corporate and Foreign Bonds and Bond Funds	12,785,132	660,296	4,498,741	6,652,063	974,032	AAA through B-
Fixed Income Fund	6,836,994	-	-	3,672,700	3,164,294	AAA through B-
	$ 38,524,365	$ 687,059	$ 12,582,737	$ 10,443,299	$ 14,811,270	

* Includes $ 5,662,830 which is not rated.

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

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

Concentration credit risk - The investment policies of the Plans contain limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. GASB Statement 40 requires disclosure when the percentage is 5% or more in any one issuer. At September 30, 2022, the General Employees Retirement Plan had investments with American Core Realty Fund, LLC amounting to approximately 16.22% or $ 10,074,000 of the total Plan's investments. At September 30, 2022, the Police Officers and Firefighters Retirement Plan had investments with PIMCO Global Bond (USD-Hedged), American Funds Europacific Growth Fund and WDM Focused International Growth Institutional, Winslow Large Cap Growth Fund and the investment in the Simonton Center, LLC amounting to approximately 5.6%, 5.0%, 6.1%, 7.5% and 6.4%, respectively of the total Plan's investments.

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

Foreign credit risk – For an investment, foreign credit risk is the risk that fluctuations in currency exchange rates may affect transactions conducted in currencies other than U.S. dollars and the carrying value of foreign investments. At September 30, 2022, the General Employees Retirement Plan was not directly exposed to foreign credit risk. At September 30, 2022, the Police Officers and Firefighters Retirement Plan had foreign investments of 17% the total Plan's investments.

2. Deposits and Investments (continued)

D. Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application,* establishes a hierarchy disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments 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 significant 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 significant 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, 2022 as follows:

2. Deposits and Investments (continued)

City:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
U.S. Government and Government Sponsored Entity Bonds/Notes	$ 2,054,440	$ 2,054,440	$ -	$ -	$ -
Florida Fixed Income Trust	35,154,867	-	-	-	35,154,867
Total Investments Measured at Fair Value	37,209,307	2,054,440	-	-	35,154,867
Cash Equivalents	19,936	19,936	-	-	-
Total Investments and Cash Equivalents Measured at Fair Value	37,229,243	$ 2,074,376	$ -	$ -	$ 35,154,867
Investments Not Measured at Fair Value:					
Florida PRIME	46,454,097				
Florida Public Assets for Liquidity Management	7,445,397				
	$ 91,128,737				

Additional information for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2022, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Florida Fixed Income Trust (1)	$ 35,154,867	$ -	Daily	1 day

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

2. Deposits and Investments (continued)

General Employees Retirement Plan:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
U.S. Government Securities	$ 3,013,934	$ -	$ 3,013,934	$ -	$ -
Corporate and Foreign Bonds and Bond Funds	6,326,265	3,430,983	2,895,282	-	-
Collateralized Mortgage Obligations	5,248,876	-	5,248,876	-	-
Municipal Obligations	655,701	-	655,701	-	-
Equity Securities	34,888,443	32,252,404	2,636,039	-	-
Alternative Investments	10,802,360	-	-	-	10,802,360
Total Investments Measured at Fair Value	60,935,579	35,683,387	14,449,832	-	10,802,360
Cash Equivalents	1,071,779	1,071,779	-	-	-
Total Investments and Cash Equivalents Measured at Fair Value	$ 62,007,358	$ 36,755,166	$ 14,449,832	$ -	$ 10,802,360

Additional information for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2022, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments (1)	$ 10,802,360	$ -	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 are 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	$ 18,902,239	$ 8,202,532	$ 10,699,707	$ -	$ -
Corporate and Foreign Bonds and Bond Funds	12,785,132	-	12,785,132	-	-
Equity Securities	66,704,942	66,704,942	-	-	-
Fixed Income Fund	6,836,994	6,836,994	-	-	-
Real Estate	7,800,000	-	-	7,800,000	-
Alternative Investments	4,369,314	-	-	-	4,369,314
Total Investments Measured at Fair Value	117,398,621	81,744,468	23,484,839	7,800,000	4,369,314
Cash Equivalents	4,799,027	4,799,027	-	-	-
Total Investments and Cash Equivalents Measured at Fair Value	$ 122,197,648	$ 86,543,495	$ 23,484,839	$ 7,800,000	$ 4,369,314

Additional information for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2022, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments (1)	$ 4,369,314	$ -	Twice a year	90 Days

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

E. Component Unit:

Deposits - Demand and time deposits classified as cash are subject to FDIC coverage and insured in accordance with Florida Statute 280, which established the multiple financial institution collateral pool. At December 31, 2021, the Authority's book balance of cash was $ 10,974,784 and the bank balance was $ 11,232,139.

As of December 31, 2021, cash is reported as follows:

Cash - unrestricted	$ 6,276,612
Cash - restricted	4,698,172
Total	$ 10,974,784

2. Deposits and Investments (continued)

In addition, the component unit's pension plan deposits amounting to $ 144,500 ($ 144,500 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, 2021, the Plan had the following investments:

Equity Mutual Funds:		
Vanguard 500 Index Fund*(1)	$	3,549,152
Vanguard Total International Stock Index*(1)		1,395,043
Vanguard Dividend Growth Fund*(1)		3,577,846
Vanguard Small Cap Index*(1)		1,448,257
Fixed Income Mutual Funds:		
PIMCO Investment Fund**		712,080
PIMCO Investment Grade Corporate***(1)		864,439
Dodge & Cox Income Fund**(1)		788,143
Absolute Return Funds:		
Columbia Adaptive Risk Allocation Fund*(1)		3,029,647
Money Market:		
Goldman Sachs Fin Sq Tr*		2,001
	$	15,366,608

* Investment maturity is less than one year.
** Investment maturity is between one and five years.
*** Investment maturity is between six and ten years.

(1) Investment subject to concentration credit risk.

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

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

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

Foreign Currency Risk - This risk relates to the potential, unfavorable fluctuation of exchange rates compared with the U.S. Dollar. The Plan did not have exposure to foreign currency risk as of December 31, 2021.

3. Receivables

Receivables at September 30, 2022 consist of the following:

Receivable Type:	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Fiduciary	Total
Interest and dividends	$ -	$ -	$ -	$ -	$ -	$ 417,998	$ 417,998
Accounts	1,545,630	197,841	-	2,930,721	670,301	-	5,344,493
Mortgages	-	2,658,220	-	-	-	-	2,658,220
Intergovernmental	975,742	1,247,270	929,233	2,947,532	-	7,515	6,107,292
Lease	8,617,182	-	-	16,252,423	-	-	24,869,605
Proceeds from securities sold	-	-	-	-	-	648,148	648,148
Gross receivables	11,138,554	4,103,331	929,233	22,130,676	670,301	1,073,661	40,045,756
Less allowance for uncollectible	-	1,116,818	-	122,385	-	-	1,239,203
Net receivables	$ 11,138,554	$ 2,986,513	$ 929,233	$ 22,008,291	$ 670,301	$ 1,073,661	$ 38,806,553

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, 2022, was 2.1360 per $ 1,000 of assessed taxable property value. The final taxable value amounted to $ 8,327,211,407. 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, 2022, there were no material property tax receivables.

Interest and dividends receivable consists of earnings on investments earned but not received at the end of the year. General Fund accounts receivable consist mainly of ambulance services, and rents revenues. The Enterprise Funds reflect customer accounts receivable for goods and services rendered. Internal Service Fund accounts receivable balance consists of excess claims paid but receivable from insurance carriers. Intergovernmental receivable consists primarily of federal, state and local grants; various state shared revenues; and contributions to the Police Officers and Firefighters retirement plan. Lease receivable consists mainly of leases for buildings and land throughout the City (Note 15).

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 Douglass Square Project (HODAG)	$ 2,233,635
Homebuyer Assistance Program	390,948
Mayor's Revolving Loan Fund (low interest)	33,637
Gross mortgages receivable	2,658,220
Less allowance for uncollectible mortgages	1,116,818
Net mortgages receivable	$ 1,541,402

3. Receivables (continued)

Note receivable - The City previously entered into two promissory notes with entity's in exchange for building improvements on properties that are leased by the City to these entities. The first note bears interest at the current rate as determined by the 1-year LIBOR plus 1% (5.78% at September 30, 2022) until the note matures in August 2034. At September 30, 2022, the balance of this note receivable was approximately $ 1,292,000. The second note bears interest at the current rate as determined by the 1-year LIBOR plus 1% (5.78% at September 30, 2022) until the note matures in September 2026. At September 30, 2022, the balance of the second note receivable was approximately $ 59,000. Both notes are reflected in the Key West Bight Fund.

Component Unit:

Accounts receivable represent amounts due from tenants (dwelling rents), and other miscellaneous balances, of $ 119,171 net of allowance for uncollectibles of $ 34,843. Intergovernmental receivables represent amounts due from the federal and other governments of $ 1,327,650. No allowance for uncollectibles was deemed necessary by management.

4. Capital Assets

Capital asset activity for fiscal year ended September 30, 2022 is as follows:

	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 56,687,796	$ -	$ (81,900)	$ 56,605,896
Works of art	137,400	-	-	137,400
Construction in progress	7,979,799	5,428,787	(5,958,686)	7,449,900
Total capital assets, not being depreciated	64,804,995	5,428,787	(6,040,586)	64,193,196
Capital assets, being depreciated:				
Buildings and improvements	53,627,641	-	2,124,766	55,752,407
Machinery, equipment and furniture	28,355,467	1,855,809	(515,947)	29,695,329
Works of art	220,510	-	-	220,510
Infrastructure	95,012,611	441,678	3,411,212	98,865,501
Total capital assets, being depreciated	177,216,229	2,297,487	5,020,031	184,533,747
Less accumulated depreciation for:				
Buildings and improvements	12,352,975	1,485,286	-	13,838,261
Machinery, equipment and furniture	21,215,378	2,493,393	(910,430)	22,798,341
Works of art	26,337	20,156	-	46,493
Infrastructure	37,527,405	3,006,408	(13,433)	40,520,380
Total accumulated depreciation	71,122,095	7,005,243	(923,863)	77,203,475
Total capital assets, being depreciated, net	106,094,134	(4,707,756)	5,943,894	107,330,272
Governmental activities capital assets, net	$ 170,899,129	$ 721,031	$ (96,692)	$ 171,523,468

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	10,145,535	4,379,621	(898,190)	13,626,966
Total capital assets, not being depreciated	28,826,569	4,379,621	(898,190)	32,308,000
Capital assets, being depreciated:				
Buildings and improvements	57,269,770	-	-	57,269,770
Machinery, equipment and furniture	19,062,934	1,117,796	(562,883)	19,617,847
Infrastructure	188,506,836	444,903	(2,952)	188,948,787
Total capital assets, being depreciated	264,839,540	1,562,699	(565,835)	265,836,404
Less accumulated depreciation for:				
Buildings and improvements	38,595,470	1,277,474	-	39,872,944
Machinery, equipment and furniture	12,463,087	1,258,382	(561,973)	13,159,496
Infrastructure	95,393,530	5,640,596	(2,952)	101,031,174
Total accumulated depreciation	146,452,087	8,176,452	(564,925)	154,063,614
Total capital assets, being depreciated, net	118,387,453	(6,613,753)	(910)	111,772,790
Business-type activities capital assets, net	$ 147,214,022	$ (2,234,132)	$ (899,100)	$ 144,080,790

For the year ended September 30, 2022, depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Transportation	$ 3,002,747
General government	2,796,126
Public safety	567,529
Economic environment	337,851
Culture and recreation	295,970
Human services	5,020
Total depreciation expense - governmental activities	$ 7,005,243

4. Capital Assets (continued)

Business-type activities:		
Sanitary sewer system	$	3,239,440
Solid waste		445,414
Key West bight		1,018,479
Stormwater		1,650,321
Transit system		1,215,805
Garrison bight		606,993
Total depreciation expense - business-type activities	$	8,176,452

Component Unit:

The following summarizes capital assets from The Housing Authority of the City of Key West, Florida's proprietary fund at December 31, 2021:

Buildings and improvements	$	86,975,158
Machinery, equipment, and furniture		2,193,645
Infrastructure		1,206,645
		90,375,448
Less accumulated depreciation		40,770,278
		49,605,170
Land		15,163,552
Construction in progress		5,027,254
Net capital assets	$	69,795,976

Total depreciation expense for the year ended December 31, 2021 amounted to approximately $ 2,130,000. 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 $ 296,388 related to impact fees usage restrictions. The Solid Waste Fund has restricted assets of $ 250,248 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, 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 GERP does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or a report of another entity. The PFRP retirement board issues a publicly available report that includes financial statements and required supplementary information. This financial report may be obtained by writing to Pension Plan Administrator, 22233 Drawbridge Dr., Leesburg, FL 34748.

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

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

General Employees Retirement Plan (GERP):

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

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

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

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

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

6. Pension Plans (continued)

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

A member is eligible for early retirement upon the attainment of age 55 with 10 years of credited service. An early retirement benefit is accrued to date of retirement, reduced by $1/15^{th}$ 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, 2022 was $ 793,558.

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 contribution 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 participants eligible for normal retirement benefits upon the earlier of attaining age 55 with 10 years of service or completing 20 years of service, regardless of age. Participants may also retire once they have become half vested in the Plan, at age 55 with five years of service. Participants retiring while half vested in the Plan are 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 participant's base salary and overtime, assignment pay, and educational incentive pay.

Participants are eligible for early retirement benefits 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 participant waited until the normal retirement age.

6. Pension Plans (continued)

Deferred Retirement Option Plan (the "DROP") - The plan established a Deferred Retirement Option Plan ("DROP"), which offers active members the opportunity, prior to retirement, to work and simultaneously accumulate pension benefits. Participants who have attained eligibility for normal service retirement can exercise the option to participate in the DROP. This option must be exercised within the first 30 years of employment. If participation in the DROP when combined with participation in the pension Plan may not exceed 30 years. When participants enter the DROP, the pension payments that they would have received had they actually separated from service are deposited into an account for the participant's benefit and are invested as part of the Plan. The participant ceases to contribute to the Plan during the DROP participation and are no longer eligible to earn additional service credit during the DROP period. The maximum participation in the DROP is five years. When entering the DROP, the employee will not terminate employment with the City, but will cease accruing benefits under the Plan, and the monthly benefit as of the election date will be saved and invested. Participants must meet the eligibility for normal or early retirement in order to participate. Participant accounts shall earn or lose interest based on the actual earnings of the Plan or a fixed rate of return of 6.5%, as elected by the participant. The value of the total DROP balance at September 30, 2022 was $ 18,201,845.

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

Contributions – Member contributions are equal to 7% of their annual pensionable compensation. 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 $ 622,885 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, 2021 was as follows:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan
Active employees	253	163
Inactive employees:		
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	188	153
Total	441	316

Net Pension (Asset) Liability:

The City's net pension (asset) liability was determined based on a measurement date of September 30, 2021 for both plans.

6. Pension Plans (continued)

The components of the net pension (asset) liability of the City at September 30, 2022, were as follows:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
Total pension liability	$ 63,060,276	$ 147,499,966	$ 210,560,242
Plan fiduciary net position	(72,255,835)	(146,642,077)	(218,897,912)
Net pension (asset) liability	$ (9,195,559)	$ 857,889	$ (8,337,670)
Plan fiduciary net position as a percentage of the total pension (asset) liability	114.58%	99.42%	103.96%

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

Actuarial Assumptions - The total pension (asset) liability at September 30, 2021 was determined by using actuarial valuations as of October 1, 2020, with update procedures used to roll forward the total pension (asset) liability to September 30, 2021. The actuarial valuations used the following actuarial assumptions:

	General Employees Retirement Plan
Inflation	2.50%
Salary increases	4.00%-6.00%
Investment rate of return	7.35%, net of investment expenses
Mortality	PUB-2010 Mortality Tables for male and female, as appropriate.

	Police Officers and Firefighters Retirement Plan
Inflation	2.50%
Salary increases	5.00%
Investment rate of return	7.00% compounded annually, net of investment expenses, including inflation.
Mortality	PUB-2010 Mortality Tables for male and female, as appropriate.

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

6. Pension Plans (continued)

General Employees Retirement Plan:

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

Police Officers and Firefighters Retirement Plan:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	45%	7.5%
International equities	15%	8.5%
Domestic bonds	10%	2.5%
International bonds	5%	3.5%
Real estate	10%	4.5%
Infrastructure	15%	6.5%
Total	100%	

Rate of Return: For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (12.17%) for GERP and (16.93%) 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 7.35% and 7.00% 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, 2020, Measurement Date	$ 60,296,956	$ 61,556,356	$ (1,259,400)
Changes for the year:			
Service cost	1,772,264	-	1,772,264
Interest	4,575,011	-	4,575,011
Differences between expected and actual experience	(399,414)	-	(399,414)
Assumption changes	304,953	-	304,953
Contributions - Employer	-	1,191,439	(1,191,439)
Contributions - Employee	-	799,120	(799,120)
Net investment income	-	12,343,176	(12,343,176)
Benefit payments	(3,489,494)	(3,489,494)	-
Administrative expenses	-	(144,762)	144,762
Net changes	2,763,320	10,699,479	(7,936,159)
Balances, as of September 30, 2021, Measurement Date	$ 63,060,276	$ 72,255,835	$ (9,195,559)

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, 2020, Measurement Date	$ 130,965,342	$ 123,908,289	$ 7,057,053
Changes for the year:			
Service cost	2,967,988	-	2,967,988
Interest	9,878,207	-	9,878,207
Differences between expected and actual experience	1,727,463	-	1,727,463
Assumption changes	8,951,924	-	8,951,924
Contributions - Employer	-	4,310,507	(4,310,507)
Contributions - State	-	599,411	(599,411)
Contributions - Employee	-	1,300,351	(1,300,351)
Net investment income	-	23,657,004	(23,657,004)
Benefit payments	(6,990,958)	(6,990,958)	-
Administrative expenses	-	(142,527)	142,527
Net changes	16,534,624	22,733,788	(6,199,164)
Balances, as of September 30, 2021, Measurement Date	$ 147,499,966	$ 146,642,077	$ 857,889

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, 2022, it is distributed 75% to governmental activities and 25% business-type activities. Total net pension liability and related components for the PFRP are distributed 100% to the governmental activities.

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

	1% Decrease 6.35%	Current Discount Rate 7.35%	1% Increase 8.35%
General Employees Retirement Plan:			
Net Pension (Asset) Liability	$ (2,253,120)	$ (9,195,559)	$ (15,045,350)

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Police Officers and Firefighters Retirement Plan:			
Net Pension (Asset) Liability	$ 15,939,903	$ 857,889	$ (11,734,908)

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

For the year ended September 30, 2022, the City recognized pension expense (credit) in GERP and PRFP of ($ 643,025) and $ 2,660,998, respectively, aggregating to $ 2,017,973. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

General Employees Retirement Plan:	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 1,133,833	$ -
Differences between expected and actual experience	155,914	898,829
Changes of assumptions or other inputs	894,326	346,631
Net difference between projected and actual earnings on pension plan investments	-	6,295,169
Total	$ 2,184,073	$ 7,540,629

6. Pension Plans (continued)

Police Officers and Firefighters Retirement Plan:	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 4,598,391	$ -
Net difference between projected and actual earnings on pension plan investments	-	12,493,946
Changes of assumptions or other inputs	12,709,321	-
Differences between expected and actual experience	3,040,518	2,151,060
Total	$ 20,348,230	$ 14,645,006
Total Pension Trust Funds	$ 22,532,303	$ 22,185,635

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 fiscal period. The amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending September 30,	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
2023	$ (1,648,364)	$ 68,750	$ (1,579,614)
2024	(1,382,139)	303,615	(1,078,524)
2025	(1,881,743)	(1,594,971)	(3,476,714)
2026	(1,578,143)	(1,151,437)	(2,729,580)
2027	-	1,953,245	1,953,245
Thereafter	-	1,525,631	1,525,631
Total	$ (6,490,389)	$ 1,104,833	$ (5,385,556)

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, 2022 and the changes in net position for the year then ended:

Condensed Statements of Net Position:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
Assets:			
Cash and cash equivalents	$ 1,071,779	$ 4,799,027	$ 5,870,806
Investments, at fair value	60,935,579	117,398,621	178,334,200
Other	82,268	991,393	1,073,661
Total assets	62,089,626	123,189,041	185,278,667

6. Pension Plans (continued)

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
Liabilities:			
Accounts payable and accrued expenses	65,344	68,630	133,974
Payable for securities purchased	5,121	848,586	853,707
Total liabilities	70,465	917,216	987,681
Net position restricted for pension benefits	$ 62,019,161	$ 122,271,825	$ 184,290,986

Condensed Statements of Changes in Net Position:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
Additions:			
Contributions	$ 2,062,104	$ 5,730,522	$ 7,792,626
Net investment earnings (losses)	(8,497,967)	(23,536,988)	(32,034,955)
Total additions	(6,435,863)	(17,806,466)	(24,242,329)
Deductions:			
Benefits paid	3,642,062	6,395,301	10,037,363
Administrative expenses	158,749	168,485	327,234
Total deductions	3,800,811	6,563,786	10,364,597
Changes in net position	$ (10,236,674)	$ (24,370,252)	$ (34,606,926)

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, 2021 was $ 1,895,363.

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

Contributions - The Authority contributes a percentage of basic annual compensation for its permanent employees equal to the actuarially determined minimum contribution divided by the annual payroll of active employees for the prior year. Pension Plan members shall not make any contributions to the Pension Plan. Contribution requirements of the Authority are established and may be amended by the Authority's Board of Commissioners. The contribution rate was 12.8% for the year ended December 31, 2021.

Plan membership data at January 1, 2021 was as follows:

Active employees, including DROP participants	57
Inactive employees:	
Retirees and beneficiaries currently employees entitled to benefits but not yet receiving them	59
Total	116

6. Pension Plans (continued)

Net Pension Liability (Asset):

The Authority's net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2021 updated to December 31, 2021.

The components of the net pension liability (asset) of the Authority at December 31, 2021, were as follows:

	Pension Plan
Total pension liability	$ 14,731,687
Plan fiduciary net position	(15,495,155)
Net pension liability (asset)	$ (763,468)
Plan fiduciary net position as a percentage of the total pension (asset) liability	105.18%

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

Inflation	3.00%
Salary increases	Age Based
Discount rate	6.75%
Mortality	All mortality rates are projected generationally with Mortality Improvement Scale MP-2018 for males or females, as appropriate.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	50%	4.42%
International equity	10%	4.91%
Fixed income	20%	3.10%
Cash	20%	1.00%
	100%	

6. Pension Plans (continued)

Rate of Return: For the year ended December 31, 2021, the money-weighted rate of return, net of investment expenses and adjusted for the changing amounts actually invested, for the Pension Plan was 15.3%.

Discount Rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset):

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, as of December 31, 2020	$ 13,368,466	$ 13,720,129	$ (351,663)
Changes for the year:			
Service cost	289,583	-	289,583
Interest	959,234	-	959,234
Difference between expected and actual experience	(111,251)	-	(111,251)
Changes in assumptions	879,771	-	879,771
Contributions - employer	-	412,134	(412,134)
Net investment income	-	2,080,417	(2,080,417)
Benefit payments, including refunds of employee contributions	(654,116)	(654,116)	-
Administrative expenses	-	(63,409)	63,409
Net changes	1,363,221	1,775,026	(411,805)
Balance, as of December 31, 2021	$ 14,731,687	$ 15,495,155	$ (763,468)

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension liability (asset)	$ 845,198	$ (763,468)	$ (2,093,152)

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, 2021, the Authority recognized pension expense of $ 654,116. At December 31, 2021, 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	$ 42,057	$ 147,958
Changes of assumptions	159,999	-
Net difference between projected and actual earnings on pension plan investments	-	1,543,080
	$ 202,056	$ 1,691,038

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,	Total
2022	$ (250,712)
2023	(650,725)
2024	(332,374)
2025	(255,171)
Total	$ (1,488,982)

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, 2021:

Retirees and survivors	94
Active plan members	478
Total plan members	572

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, 2022
Valuation date:	October 1, 2021
Actuarial cost method:	Entry Age Normal
Mortality:	PUB 2010 w/ MP-2021 projection
Asset valuation method:	Market
Salary increases and inflation:	3.00%
Discount rate:	4.77%
Health care cost trend:	7.00% decreasing to 5.00% ultimate
Retirement age:	Safety (uniformed): Rates from ages 50 and 20 years. General: Rates from, age 55 and 10 years.

Changes in assumptions and other inputs include the change in the discount rate from 2.43% as of the beginning of the measurement period to 4.77%, as of September 30, 2022. 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, 2022 was 4.77%. Because the City's OPEB costs are funded on a pay-as-you-go funding structure, a tax-exempt municipal bond rate based on an index of 20 year municipal bond with an high grade credit rating as of the measurement date was used to determine the total OPEB liability. The discount rate was 2.43% 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, 2022, are as follows:

Total OPEB liability	$	5,202,282
OPEB Plan fiduciary net position		-
City's net OPEB liability	$	5,202,282
OPEB Plan fiduciary net position as a percentage of total OPEB liability		0.00%

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

Changes in Total OPEB Liability:

Measurement year ended September 30, 2022

Total OPEB liability:		
Service cost	$	591,198
Interest on total OPEB liability		153,010
Difference between expected and actual experience		202,003
Change of assumptions and other inputs		(2,012,137)
Benefit payments - implicit		(57,002)
Net change in total OPEB liability		(1,122,928)
Total OPEB liability, beginning		6,325,210
Total OPEB liability, ending	$	5,202,282

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability, calculated using the discount rate of 4.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than current discount rate:

	1% Decrease (3.77%)	Current Discount Rate (4.77%)	1% Increase (5.77%)
Total OPEB liability	$ 6,062,239	$ 5,202,282	$ 4,341,602

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

	1% Trend Decrease 6.0% Decreasing to 4.0%	Trend Rate Assumption 7.0% Decreasing to 5.0%	1% Trend Increase 8.0% Decreasing to 6.0%
Total OPEB liability	$ 4,504,985	$ 5,202,282	$ 5,985,347

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, 2022, the City recognized OPEB expense (credit) of ($ 85,778). At September 30, 2022, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 508,400	$ 552,028
Changes in assumptions	876,095	6,657,117
Total	$ 1,384,495	$ 7,209,145

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

Fiscal Year Ending September 30,	Amortization Amount
2023	$ (829,986)
2024	(829,986)
2025	(829,986)
2026	(819,901)
2027	(796,373)
Thereafter	(1,718,418)
	$ (5,824,650)

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 $ 1,279,731 and measured as of December 31, 2021. For the year ended December 31, 2021, the Authority reported deferred outflows of resources of $ 476,333, deferred inflows of resources of $ 408,954 and recognized OPEB expense of $ 95,618.

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 2022, a total of approximately $ 1,155,000 was incurred/paid in benefits and claims. In fiscal year 2022, the City provided coverage up to the Self-Insured Retention (SIR) level of $ 325,000 for each worker's compensation claim, and $ 325,000 SIR level for employer's liability with commercial insurance covering losses that exceed the SIR level. Public officials, automobile, and general liability SIR levels were $ 100,000 with commercial insurance covering losses exceeding SIR level. There is no SIR level for crime coverage. Commercial insurance will pick up all losses up to $ 1,000,000 inclusive of the SIR. In general, the City purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded the commercial coverage in any of the past three years.

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

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

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated 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 $ 3,975,000 is reported in the fund at September 30, 2022. 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 discounted basis during the past two years are as follows (in thousands):

9. Risk Management (continued)

Fiscal Year	Beginning Liability	Claims Incurred	Estimated Prior Claims	Claims Paid and Other Adjustments	Ending Liability
2021*	$ 4,003	$ 773	$ 657	$ (1,267)	$ 4,166
2022**	$ 4,166	$ 867	$ 53	$ (1,111)	$ 3,975

* Presented at the 75% confidence level and discounted.
** Presented at the 50% confidence level and undiscounted.

Health Insurance - The Insurance 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 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, 2022, 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, 2022 was approximately $ 5,669,000 for all funds.

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

11. Construction Commitments

The following table presents the approximate significant construction commitments outstanding at September 30, 2022:

	Estimated Remaining Construction Commitments
General Fund:	
Debris Removal for Hurricane Ian	$ 1,300,000
Infrastructure Surtax Fund:	
Phase II for Roosevelt Blvd. Construction	$ 304,000
Gas Tax Fund:	
Flagler Pedestrian Improvements	$ 237,000
ADA Sidewalks	$ 776,000
Southard Street Milling and Resurfacing	$ 1,094,000
Sanitary Sewer System Fund:	
Aeration Basin Blower	$ 1,430,000
Installation of Electrical Switchgear	$ 2,124,000

11. Construction Commitments (continued)

	Estimated Remaining Construction Commitments
Stormwater Fund:	
Harris and 10th Drainage	$ 311,000
Solid Waste Fund:	
3 Waste Oil & Gas Facilities	$ 647,000
Bahama Village Fund:	
Outer Mole Small Craft Berthing Facility	$ 258,000

12. Long-Term Debt and Liabilities

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

	Balance October 1, 2021	Additions	Amortization/ Retirements	Balance September 30, 2022	Due Within One Year
Governmental Activities:					
Capital lease	$ 308,365	$ -	$ 154,205	$ 154,160	$ 154,160
Insurance claims payable	4,166,259	-	191,335	3,974,924	1,151,541
Compensated absences	4,913,192	4,388,172	4,124,345	5,177,019	3,958,627
OPEB liability	5,755,116	-	891,601	4,863,515	-
Net pension liability	7,057,053	-	6,199,164	857,889	-
Total governmental activities	$ 22,199,985	$ 4,388,172	$ 11,560,650	$ 15,027,507	$ 5,264,328
Business-Type Activities:					
Direct Borrowing					
Sewer System Revenue Bonds, Series 2012	$ 490,000	$ -	$ 490,000	$ -	$ -
Sewer System Refunding Revenue Bonds, Series 2013	9,927,240	-	1,556,061	8,371,179	1,590,572
Note payable, State Revolving Loan	180,235	-	180,235	-	-
	10,597,475	-	2,226,296	8,371,179	1,590,572
Compensated absences	422,361	397,149	327,555	491,955	388,449
OPEB liability	570,094	-	231,327	338,767	-
Other	490,595	2,106	-	492,701	-
Total business-type activities	$ 12,080,525	$ 399,255	$ 2,785,178	$ 9,694,602	$ 1,979,021
Total long-term debt and liabilities	$ 34,280,510	$ 4,787,427	$ 14,345,828	$ 24,722,109	$ 7,243,349

12. Long-Term Debt and Liabilities (continued)

Capital Lease:

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

Fiscal Year	Principal	Interest	Total
2023	$ 154,160	$ 4,138	$ 158,298
	$ 154,160	$ 4,138	$ 158,298

Revenue Obligations:

Sewer System Revenue Bonds, Series 2012: In February 2012, the City entered into an 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. At September 30, 2022, these bonds were fully matured. 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:

	Sewer System Refunding Revenue Bonds, Series 2013		
Fiscal Year	Principal	Interest	Total
2023	$ 1,590,572	$ 200,771	$ 1,791,343
2024	1,628,447	158,119	1,786,566
2025	1,669,563	114,420	1,783,983
2026	1,716,588	69,553	1,786,141
2027	1,766,009	23,404	1,789,413
	$ 8,371,179	$ 566,267	$ 8,937,446

12. Long-Term Debt and Liabilities (continued)

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, 2022, the City is in compliance with all reporting and disclosure requirements. Required disclosures as of September 30, 2022, are presented below:

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:

	2021	2022	2023
Base charge	$ 23.57	$ 23.57	$ 24.28
Commodity charge	4.67	4.67	$ 4.81

D. Required historical debt service coverage information is presented in the statistical section of this report (Table 16).

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);

12. Long-Term Debt and Liabilities (continued)

(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.

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. At September 30, 2022, the note payable was paid in full.

Component Unit:

The following is a summary of changes in long-term debt and liabilities for the Authority for the year ended December 31, 2021:

	Balance January 1, 2021	Additions	Amortization/ Retirements	Balance December 31, 2021	Due Within One Year
Notes payable	$ 4,951,484	$ 5,514,448	$ 88,607	$ 10,377,325	$ 92,740
Revenue notes	41,461,506	-	934,197	40,527,309	1,616,808
Compensated absences	486,262	26,876	316,191	196,947	19,694
OPEB liability	1,440,497	-	160,766	1,279,731	-
Total long-term debt and liabilities	$ 48,339,749	$ 5,541,324	$ 1,499,761	$ 52,381,312	$ 1,729,242

12. Long-Term Debt and Liabilities (continued)

Notes Payable, as of December 31, 2021, are comprised of the following:

Notes Payable Description:	
On October 14, 2021, the Authority entered into an agreement with the Florida Housing Corporation for $ 11,600,000 in Community Development Block Grant Disaster Recovery (CDBG-DR) grants funds. The note is non-amortizing and noninterest bearing for a term of 20 years. The note will not require payment for as long as the Development remains in compliance and will be forgiven after 20 years.	$ 5,464,448
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.	2,587,876
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.	775,000
On October 14, 2021, the Authority entered into nonrevolving loan for the development of the Garden View Apartments in the amount of $ 9,212,084. The loan is interest only for the first 24 months, with monthly principal and interest payments due after based on a 30-year amortization. The entire outstanding balance of the loan is due and payable in full at the end of the 96th month following the start of the principal and interest period. The interest rate for the loan during the construction period will be a fixed rate of 2.61%.	50,001
	$ 10,377,325

12. Long-Term Debt and Liabilities (continued)

Revenue Notes, as of December 31, 2021, are comprised of the following:

Revenue Notes Description:	
Multifamily Housing Revenue Refunding Note, Series 2014A and Taxable Multifamily Housing Revenue Refunding Note, Series 2014B. Both of these notes have issuance dates of May 7, 2014 and mature in 2024. Series 2014A and Series 2014B bear interest at 3.5% and 5.3%, respectively. The outstanding balance of Series 2014A and Series 2014B was $ 7,059,986 and $ 1,488,295, respectively.	$ 8,548,281
Multifamily Housing Revenue Note amortized over a 25-year period and bearing interest at 4.00%. 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."	6,796,112
Housing Revenue Note, Series 2015A and Taxable Housing Revenue Note, Series 2015B. In December 2016, the Authority refinanced a portion of the Series 2015B. The Series 2016 Note has an interest rate of 2.90% with interest only beginning the date of issuance for approximately ten months with a 28-year amortization beginning immediately following the interest only period. Both the 2015A and 2015B Notes have issuance dates of September 1, 2015 and mature in 2045. Series 2015A and Series 2015B bear interest at 2.90% and 4.74%, respectively. The outstanding balance of Series 2015A, Series 2015B and Series 2016 was $ 7,589,808, $ 1,230,468 and $ 9,491,380, respectively.	18,311,656
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.	1,200,930

12. Long-Term Debt and Liabilities (continued)

Revenue Notes Description (continued):

$ 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.	2,102,347
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.	1,357,983
	$ 40,527,309

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
2022	$ 92,740	$ 41,479	$ 1,616,808	$ 1,295,091
2023	97,058	37,161	1,633,529	1,241,455
2024	101,577	113,661	8,519,525	1,059,335
2025	106,306	27,912	1,244,865	882,446
2026	111,256	22,963	1,062,964	846,446
2027-2031	1,992,940	38,009	6,711,850	3,526,389
2032-2036	-	-	9,907,953	2,331,576
2037-2041	7,875,448	-	4,730,464	1,144,714
2042-2046	-	-	5,099,351	368,357
Totals	$ 10,377,325	$ 281,185	$ 40,527,309	$ 12,695,809

13. Interfund Assets and Liabilities

A summary of interfund receivable and payable balances at September 30, 2022 are as follows:

Interfund Items (current)	Receivables	Payables
Governmental Funds:		
General	$ -	$ 147,156
Gas Tax	419,000	1,621
Infrastructure Surtax	-	801
Capital Projects	-	410
Transportation Alternative	-	410
Truman Waterfront	-	1,852
Affordable Housing	-	410
Adaptation and Sustainability	-	410

13. Interfund Assets and Liabilities (continued)

Interfund Items (current)	Receivables	Payables
Enterprise Funds:		
Sanitary Sewer System	-	1,211
Solid Waste	-	2,422
Key West Bight	-	6,073
Stormwater	-	410
Transit System	-	428,742
Garrison Bight	-	4,345
Internal Service Fund:		
Insurance Programs	177,273	-
	$ 596,273	$ 596,273

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

A summary of advances (receivables and payables) at September 30, 2022 are as follows:

Advances (long-term)	Receivables	Payables
Governmental Funds:		
General	$ 642,012	$ -
Enterprise Funds:		
Sanitary Sewer System	1,088,232	-
Stormwater	-	1,730,244
Total	$ 1,730,244	$ 1,730,244

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, 2022 is as follows:

Transfers	In		Out	
Governmental Funds:				
General	$ 11,549,567	a,b,c,g,i	$ 1,864,346	e,g,h
Gas Tax	1,990,495	d	253,098	c
Infrastructure Surtax	-		3,474,450	c,b,d
Capital Projects	373,760	d	10,756	c
Community Development Office	82,308	h	-	
Nonmajor funds	1,947,753	d,e,g	2,402,514	c,f, j
Enterprise Funds:				
Sanitary Sewer System	-		922,009	c,i
Solid Waste	-		1,753,600	a,c,d,i
Key West Bight	2,000,000	j	5,446,645	a,c,d,i
Stormwater	-		552,229	c,i
Transit System	-		408,943	a,c,d,i
Garrison Bight	-		445,204	a,c,i
Internal Service Fund:				
Insurance Programs	-		410,089	c
Totals	$ 17,943,883		$ 17,943,883	

Purpose for these transfers are set forth below:

a) Payments in lieu of taxes
b) 10% of the budgeted discretionary sales surtax revenues
c) Cost allocation and recovery of general fund services
d) Various infrastructure and other capital projects
e) Tax incremental funding
f) Subsidy for transit programs and projects
g) Various operating costs
h) Transfer for CDO Operational Support
i) Franchise & right of way
j) CRA-Greene St. Redevelopment

15. Lease Receivable

For the year ended September 30, 2022, these financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this Statement is to enhance the relevance and consistency of information about governments' leasing activities. This Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

15. Lease Receivable (continued)

The City is reporting Lease Receivables of $ 24,869,605 at September 30, 2022. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discounted rate. For the year ended September 30, 2022, the City reported lease revenue of approximately $ 4,965,000 and interest revenue of approximately $ 248,000 related to lease payments received. The leases are for buildings and land throughout the City.

As of September 30, 2022, future base minimum lease payments expected to be received are as follows:

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2023	$ 1,435,369	$ 114,183	$ 1,549,552
2024	1,363,423	100,266	1,463,689
2025	1,283,426	86,472	1,369,898
2026	807,507	73,929	881,436
2027	788,592	62,709	851,301
2028-2080	2,938,865	961,932	3,900,797
	$ 8,617,182	$ 1,399,491	$ 10,016,673

	Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2023	$ 3,464,209	$ 147,012	$ 3,611,221
2024	3,356,289	119,554	3,475,843
2025	2,813,549	93,162	2,906,711
2026	2,150,306	70,057	2,220,363
2027	1,327,443	52,104	1,379,547
2028-2033	3,140,627	106,075	3,246,702
	$ 16,252,423	$ 587,964	$ 16,840,387

16. Contingencies

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

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

16. Contingencies (continued)

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, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year:	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement Date:	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB liability:					
Service cost	$ 591,198	$ 932,349	$ 766,857	$ 630,043	$ 751,138
Interest on total OPEB Liability	153,010	232,526	312,934	313,949	290,240
Difference between expected and actual experience	202,003	422,796	(102,430)	(800,543)	-
Changes of assumptions or other inputs	(2,012,137)	(6,099,664)	1,212,182	45,947	(292,432)
Benefits payments - implicit	(57,002)	(57,002)	(73,000)	(73,419)	(172,454)
Net change in total OPEB liability	(1,122,928)	(4,568,995)	2,116,543	115,977	576,492
Total OPEB liability - beginning	6,325,210	10,894,205	8,777,662	8,661,685	8,085,193
Total OPEB liability - ending	$ 5,202,282	$ 6,325,210	$ 10,894,205	$ 8,777,662	$ 8,661,685
Covered-employee payroll	$ 35,208,373	$ 31,542,874	$ 31,684,760	$ 28,514,525	$ 28,319,809
Total OPEB liability as a percentage of covered-employee payroll	14.8%	20.1%	34.4%	30.8%	30.6%

Notes to Schedule:

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

Changes in assumptions or other inputs include the change in the discount rate from 2.43% as of the beginning of the measurement period to 4.77%, as of September 30, 2022.

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

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

Fiscal year:	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement Date:	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability:									
Service cost	$ 1,662,246	$ 1,772,264	$ 1,757,227	$ 1,652,798	$ 1,472,641	$ 1,427,943	$ 1,269,240	$ 1,154,040	$ 1,134,108
Interest	4,292,899	4,575,011	4,305,858	4,122,010	3,944,192	3,791,376	3,499,027	3,277,233	3,149,825
Differences between expected and actual experience	(1,656,647)	(399,414)	297,654	(1,376,405)	(180,469)	1,851,258	1,253,381	(189,114)	(795,460)
Assumption changes	617,915	304,953	(661,749)	1,611,968	-	43,681	(97,983)	-	1,479,338
Benefit payments, including refunds of member contributions	(3,642,062)	(3,489,494)	(3,270,520)	(3,118,279)	(3,121,318)	(3,041,719)	(2,735,024)	(2,671,762)	(2,261,393)
Net change in total pension liability	1,274,351	2,763,320	2,428,470	2,892,092	2,115,046	4,072,539	3,188,641	1,570,397	2,706,418
Total pension liability - beginning	63,060,276	60,296,956	57,868,486	54,976,394	52,861,348	48,788,809	45,600,168	44,029,771	41,323,353
Total pension liability - ending (A)	$ 64,334,627	$ 63,060,276	$ 60,296,956	$ 57,868,486	$ 54,976,394	$ 52,861,348	$ 48,788,809	$ 45,600,168	$ 44,029,771
Plan fiduciary net position:									
Contributions - employer	$ 1,133,833	$ 1,191,439	$ 1,149,081	$ 998,882	$ 991,645	$ 752,506	$ 730,895	$ 842,957	$ 919,864
Contributions - members	928,271	799,120	843,592	832,985	790,420	797,975	769,999	708,253	655,206
Net investment earnings (losses)	(8,497,967)	12,343,176	5,547,341	1,577,081	5,148,560	6,120,262	3,511,656	555,804	4,431,002
Benefit payments, including refunds of member contributions	(3,642,062)	(3,489,494)	(3,270,520)	(3,118,279)	(3,121,318)	(3,041,719)	(2,735,024)	(2,671,762)	(2,261,393)
Administrative expenses	(158,749)	(144,762)	(126,405)	(168,255)	(184,725)	(184,764)	(211,426)	(163,130)	(142,131)
Net change in plan fiduciary net position	(10,236,674)	10,699,479	4,143,089	122,414	3,624,582	4,444,260	2,066,100	(727,878)	3,602,548
Plan fiduciary net position - beginning	72,255,835	61,556,356	57,413,267	57,290,853	53,666,271	49,222,011	47,155,911	47,883,789	44,281,241
Plan fiduciary net position - ending (B)	$ 62,019,161	$ 72,255,835	$ 61,556,356	$ 57,413,267	$ 57,290,853	$ 53,666,271	$ 49,222,011	$ 47,155,911	$ 47,883,789
City's net pension liability (asset)- ending (A) - (B)	$ 2,315,466	$ (9,195,559)	$ (1,259,400)	$ 455,219	$ (2,314,459)	$ (804,923)	$ (433,202)	$ (1,555,743)	$ (3,854,018)
Plan fiduciary net position as a percentage of the total pension liability	96.40%	114.58%	102.09%	99.21%	104.21%	101.52%	100.89%	103.41%	108.75%
Covered payroll	$ 15,471,183	$ 13,318,667	$ 14,059,867	$ 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	14.97%	-69.04%	-8.96%	3.28%	-17.57%	-6.05%	-3.31%	-13.21%	-36.70%

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

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

Fiscal year:	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement Date:	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Total pension liability:									
Service cost	$ 3,234,879	$ 2,967,988	$ 2,358,811	$ 1,883,330	$ 1,916,291	$ 1,779,015	$ 1,616,830	$ 1,454,687	$ 1,481,267
Interest	10,332,322	9,878,207	9,574,556	9,732,692	9,352,467	8,704,537	7,783,325	7,402,128	7,063,784
Differences between expected and actual experience	67,398	1,727,463	(1,917,298)	(710,726)	1,924,924	2,335,251	473,539	260,206	-
Assumption changes	-	8,951,924	4,910,631	-	536,041	3,930,249	1,231,928	2,284,845	-
Benefit payments, including refunds of member contributions	(6,395,300)	(6,990,958)	(5,908,202)	(6,204,206)	(5,835,862)	(4,973,927)	(4,852,091)	(4,300,292)	(4,065,051)
Net change in total pension liability	7,239,299	16,534,624	9,018,498	4,701,090	7,893,861	11,775,125	6,253,531	7,101,574	4,480,000
Total pension liability - beginning	147,499,966	130,965,342	121,946,844	117,245,754	109,351,893	97,576,768	91,323,237	84,221,663	79,741,662
Total pension liability - ending (A)	$ 154,739,265	$ 147,499,966	$ 130,965,342	$ 121,946,844	$ 117,245,754	$ 109,351,893	$ 97,576,768	$ 91,323,237	$ 84,221,662
Plan fiduciary net position:									
Contributions - employer	$ 3,975,506	$ 4,310,507	$ 4,123,745	$ 4,375,564	$ 3,765,235	$ 3,581,684	$ 2,835,282	$ 2,801,375	$ 2,975,423
Contributions - state	622,885	599,411	572,176	640,814	645,479	572,152	532,550	578,511	727,859
Contributions - members	1,132,131	1,300,351	1,019,220	935,670	872,519	895,491	822,496	777,269	764,013
Net investment earnings (losses)	(23,536,988)	23,643,098	12,561,144	4,081,027	10,642,484	11,413,677	7,042,214	614,041	8,116,554
Benefit payments, including refunds of member contributions	(6,395,300)	(6,977,052)	(5,908,202)	(6,204,206)	(5,835,862)	(4,973,927)	(4,852,091)	(4,300,292)	(4,065,051)
Administrative expenses	(168,485)	(142,527)	(115,509)	(205,265)	(165,342)	(182,082)	(175,719)	(142,080)	(109,548)
Net change in plan fiduciary net position	(24,370,251)	22,733,788	12,252,574	3,623,604	9,924,513	11,306,995	6,204,732	328,824	8,409,250
Plan fiduciary net position - beginning	146,642,077	123,908,289	111,655,715	108,032,111	98,107,598	86,800,603	80,595,871	80,267,047	71,857,797
Plan fiduciary net position - ending (B)	$ 122,271,826	$ 146,642,077	$ 123,908,289	$ 111,655,715	$ 108,032,111	$ 98,107,598	$ 86,800,603	$ 80,595,871	$ 80,267,047
City's net pension liability (asset) - ending (A) - (B)	$ 32,467,439	$ 857,889	$ 7,057,053	$ 10,291,129	$ 9,213,643	$ 11,244,295	$ 10,776,165	$ 10,727,366	$ 3,954,615
Plan fiduciary net position as a percentage of the total pension liability	79.02%	99.42%	94.61%	91.56%	92.14%	89.72%	88.96%	88.25%	95.30%
Covered payroll	$ 13,971,558	$ 14,097,451	$ 13,386,293	$ 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	232.38%	6.09%	52.72%	84.02%	74.76%	97.18%	95.15%	107.52%	37.47%

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 1,121	$ 1,191	$ 1,140	$ 960	$ 992	$ 664	$ 475	$ 475	$ 636	$ 987
Contributions in relation to the actuarially determined contribution	1,134	1,191	1,149	999	992	753	731	843	920	987
Contribution deficiency (excess)	$ (13)	$ -	$ (9)	$ (39)	$ -	$ (89)	$ (256)	$ (368)	$ (284)	$ -
Covered payroll	$ 15,471	$ 13,319	$ 14,060	$ 13,883	$ 13,174	$ 13,300	$ 13,093	$ 11,773	$ 10,500	$ 9,945
Contributions as a percentage of covered payroll	7.33%	8.94%	8.17%	7.20%	7.53%	5.66%	5.58%	7.16%	8.76%	9.92%

Notes to Schedule:

Valuation date: October 1, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Closed
Amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Projected salary increases	4.00% - 6.00%
Investment rate of return	7.35%
Cost of living adjustments	None
Retirement rates	Experience-based table rates that are specific to the type of eligibility condition
Mortality	PUB-2010 Mortality Tables for male and female, as appropriate.
Changes since last valuation	Investment rate of return changed from 7.40% to 7.35%.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 4,487	$ 4,832	$ 4,645	$ 4,384	$ 4,411	$ 4,153	$ 3,356	$ 3,323	$ 3,497	$ 3,468
Contributions in relation to the actuarially determined contribution	4,487	4,832	4,645	4,384	4,411	4,153	3,356	3,323	3,497	3,468
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 13,972	$ 14,097	$ 13,386	$ 12,249	$ 12,325	$ 11,571	$ 11,325	$ 9,977	$ 10,051	$ 9,634
Contributions as a percentage of covered payroll	32.11%	34.28%	34.70%	35.79%	35.79%	35.89%	29.63%	33.31%	34.79%	36.00%

Notes to Schedule:

Valuation date: October 1, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Layored amortization
Amortization period	1-20 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Projected salary increases	5.00% per annum
Investment rate of return	7.00%, net of investment expenses, compounded annually
Cost of living adjustments	None.
Retirement rates	Ranging from 20 or more years of credited service (75% - 100%) and less than 20 years of credited service (50% - 100%).
Mortality	PUB-2010 Mortality Tables for male and female, as appropriate.
Changes since last valuation	Any existing amortization bases with a remaining amortization period greater than 20 years are reduced to 20 years.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	(12.2%)	20.2%	9.5%	2.5%	9.3%	12.2%	7.1%	1.0%	9.9%	12.3%

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	(16.9%)	18.8%	10.8%	3.9%	10.5%	13.8%	9.4%	(0.2%)	12.6%	16.3%

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 re-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 re-development programs within the designated redevelopment area.

Community Fund - To account for proceeds from a one percent assessment 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.

Adaptation & Sustainability Fund – To account for proceeds and disbursements associated with the reduction of unrenewable resource reliance, the reductions of carbon footprint, and to protect the island from the effects of climate change.

City of Key West, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2022

	Special Revenue Funds										
	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	Adaptation & Sustainability Fund	Total
Assets:											
Cash, cash equivalents and investments	$ 136,536	$ 1,388,217	$ 427,116	$ 5,395,750	$ 1,374,390	$ 1,800,862	$ 155,735	$ 1,365,821	$ 185,963	$ 338,482	$ 12,568,872
Receivables (net of allowance for uncollectibles):											
Intergovernmental	-	815,222	-	-	-	-	-	-	-	5,057	820,279
Prepaids	-	-	-	-	-	-	-	-	270	-	270
Total assets	$ 136,536	$ 2,203,439	$ 427,116	$ 5,395,750	$ 1,374,390	$ 1,800,862	$ 155,735	$ 1,365,821	$ 186,233	$ 343,539	$ 13,389,421
Liabilities:											
Accounts payable	$ 3,800	$ 7,695	$ 117,512	$ -	$ 29,849	$ -	$ 966	$ 4,741	$ 7,254	$ 47,418	$ 219,235
Accrued payroll and related expenditures	-	-	6,282	-	-	-	-	3,768	15,624	4,106	29,780
Interfund	-	-	410	-	-	-	-	410	1,852	410	3,082
Unearned revenue	-	-	-	-	-	-	2,686	4,844	-	-	7,530
Contracts and retainage payable	-	-	-	13,017	-	74,563	-	124,721	-	-	212,301
Total liabilities	3,800	7,695	124,204	13,017	29,849	74,563	3,652	138,484	24,730	51,934	471,928
Fund Balances:											
Non-spendable:											
Prepaids	-	-	-	-	-	-	-	-	270	-	270
Restricted for:											
Law enforcement	132,736	-	-	-	-	-	-	-	-	-	132,736
Natural resources	-	2,195,744	-	-	-	-	-	-	-	-	2,195,744
Housing initiatives and urban redevelopment	-	-	302,912	5,382,733	-	1,726,299	-	-	-	-	7,411,944
Transportation	-	-	-	-	1,344,541	-	-	1,227,337	-	-	2,571,878
Committed to:											
Art in public places	-	-	-	-	-	-	152,083	-	-	-	152,083
Truman Waterfront	-	-	-	-	-	-	-	-	161,233	-	161,233
Renewable resources	-	-	-	-	-	-	-	-	-	291,605	291,605
Total fund balances	132,736	2,195,744	302,912	5,382,733	1,344,541	1,726,299	152,083	1,227,337	161,503	291,605	12,917,493
Total liabilities and fund balances	$ 136,536	$ 2,203,439	$ 427,116	$ 5,395,750	$ 1,374,390	$ 1,800,862	$ 155,735	$ 1,365,821	$ 186,233	$ 343,539	$ 13,389,421

City of Key West, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2022

	Special Revenue Funds										
	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	Adaptation & Sustainability Fund	Total
Revenues:											
Taxes	$ -	$ -	$ -	$ 645,777	$ -	$ 627,978	$ -	$ -	$ -	$ -	$ 1,273,755
Intergovernmental	43,230	344,591	-	-	-	-	-	-	-	5,057	392,878
Charges for services	-	-	426,759	-	8,571	-	-	736,923	636,170	-	1,808,423
Fines and forfeitures	-	-	-	169	-	-	-	-	1,370	-	1,539
Investment earnings	890	8,688	3,070	35,179	577	11,731	1,024	8,587	1,302	2,110	73,158
Contributions and other	-	-	933	-	-	-	72,152	1,000	-	-	74,085
Total revenues	44,120	353,279	430,762	681,125	9,148	639,709	73,176	746,510	638,842	7,167	3,623,838
Expenditures:											
Current:											
General government	-	55,305	-	-	-	-	-	-	-	-	55,305
Public safety	22,902	-	-	-	-	-	-	-	-	-	22,902
Transportation	-	-	-	-	952,849	-	-	150,011	-	-	1,102,860
Economic environment	-	-	600,264	71,846	-	23,163	15,426	-	-	244,499	955,198
Culture and recreation	-	-	-	-	-	-	-	-	812,193	-	812,193
Capital outlay	-	-	-	36,558	-	122,424	-	277,298	27,187	-	463,467
Total expenditures	22,902	55,305	600,264	108,404	952,849	145,587	15,426	427,309	839,380	244,499	3,411,925
Excess (deficiency) of revenues over expenditures	21,218	297,974	(169,502)	572,721	(943,701)	494,122	57,750	319,201	(200,538)	(237,332)	211,913
Other Financing Sources (Uses):											
Transfers in	-	-	-	527,508	-	512,969	-	-	378,339	528,937	1,947,753
Transfers out	(4,801)	(50,055)	(147,276)	(40,097)	-	(2,031,537)	(7,941)	(44,285)	(76,522)	-	(2,402,514)
Total other financing sources (uses)	(4,801)	(50,055)	(147,276)	487,411	-	(1,518,568)	(7,941)	(44,285)	301,817	528,937	(454,761)
Net change in fund balances	16,417	247,919	(316,778)	1,060,132	(943,701)	(1,024,446)	49,809	274,916	101,279	291,605	(242,848)
Fund Balances, October 1	116,319	1,947,825	619,690	4,322,601	2,288,242	2,750,745	102,274	952,421	60,224	-	13,160,341
Fund Balances, September 30	$ 132,736	$ 2,195,744	$ 302,912	$ 5,382,733	$ 1,344,541	$ 1,726,299	$ 152,083	$ 1,227,337	$ 161,503	$ 291,605	$ 12,917,493

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, 2022

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Intergovernmental	$ -	$ -	$ 43,230	$ 43,230
Investment earnings	1,500	1,500	890	(610)
Total revenues	1,500	1,500	44,120	42,620
Expenditures:				
Operating	21,594	35,903	19,402	16,501
Aid to private organizations	5,000	5,000	3,500	1,500
Total expenditures	26,594	40,903	22,902	18,001
Excess (deficiency) of revenues over expenditures	(25,094)	(39,403)	21,218	60,621
Other Financing Sources (Uses):				
Transfers out	(4,801)	(4,801)	(4,801)	-
Total other financing sources (uses)	(4,801)	(4,801)	(4,801)	-
Net change in fund balance	$ (29,895)	$ (44,204)	16,417	$ 60,621
Fund Balance, October 1			116,319	
Fund Balance, September 30			$ 132,736	

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, 2022

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Intergovernmental	$ 275,000	$ 275,000	$ 344,591	$ 69,591
Investment earnings	5,000	5,000	8,688	3,688
Total revenues	280,000	280,000	353,279	73,279
Expenditures:				
Operating	683	683	55,305	(54,622)
Total expenditures	683	683	55,305	(54,622)
Excess (deficiency) of revenue over expenditures	279,317	279,317	297,974	18,657
Other Financing Sources (Uses):				
Transfers out	(50,055)	(50,055)	(50,055)	-
Total other financing sources (uses)	(50,055)	(50,055)	(50,055)	-
Net change in fund balance	$ 229,262	$ 229,262	247,919	$ 18,657
Fund Balance, October 1			1,947,825	
Fund Balance, September 30			$ 2,195,744	

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, 2022

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Charges for services	$ 476,251	$ 476,251	$ 426,759	$ (49,492)
Investment earnings	5,000	5,000	3,070	(1,930)
Contributions and other	500,000	500,000	933	(499,067)
Total revenues	981,251	981,251	430,762	(550,489)
Expenditures:				
Operating	75,425	221,607	104,795	116,812
Aid to private organizations	525,000	525,000	495,469	29,531
Total expenditures	600,425	746,607	600,264	146,343
Excess (deficiency) of revenues over expenditures	380,826	234,644	(169,502)	(404,146)
Other Financing Sources (Uses):				
Transfers out	(347,276)	(347,276)	(147,276)	200,000
Total other financing sources (uses)	(347,276)	(347,276)	(147,276)	200,000
Net change in fund balance	$ 33,550	$ (112,632)	(316,778)	$ (204,146)
Fund Balance, October 1			619,690	
Fund Balance, September 30			$ 302,912	

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, 2022

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Tax Incremental	$ 636,689	$ 645,777	$ 645,777	$ -
Investment earnings	25,000	25,000	35,179	10,179
Fines and forfeitures	-	-	169	169
Total revenues	661,689	670,777	681,125	10,348
Expenditures:				
Personnel services	28,235	28,235	13,781	14,454
Operating	80,926	105,926	58,065	47,861
Capital outlay	462,294	462,294	36,558	425,736
Total expenditures	571,455	596,455	108,404	488,051
Excess (deficiency) of revenues over expenditures	90,234	74,322	572,721	498,399
Other Financing Sources (Uses):				
Transfers in	527,508	527,508	527,508	-
Transfers out	(40,097)	(40,097)	(40,097)	-
Total other financing sources (uses)	487,411	487,411	487,411	-
Net change in fund balance	$ 577,645	$ 561,733	1,060,132	$ 498,399
Fund Balance, October 1			4,322,601	
Fund Balance, September 30			$ 5,382,733	

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, 2022

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Tax Incremental	$ 619,141	$ 627,978	$ 627,978	$ -
Investment earnings	30,000	30,000	11,731	(18,269)
Total revenues	649,141	657,978	639,709	(18,269)
Expenditures:				
Personnel services	28,235	28,235	13,781	14,454
Operating	218,358	218,358	9,382	208,976
Capital Outlay	-	-	122,424	(122,424)
Total expenditures	246,593	246,593	145,587	101,006
Excess (deficiency) of revenues over expenditures	402,548	411,385	494,122	82,737
Other Financing Sources (Uses):				
Transfers in	512,969	512,969	512,969	-
Transfers out	(2,031,537)	(2,031,537)	(2,031,537)	-
Total other financing sources (uses)	(1,518,568)	(1,518,568)	(1,518,568)	-
Net change in fund balance	$ (1,116,020)	$ (1,107,183)	(1,024,446)	$ 82,737
Fund Balance, October 1			2,750,745	
Fund Balance, September 30			$ 1,726,299	

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, 2022

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Investment earnings	$ 1,000	$ 1,000	$ 1,024	$ 24
Contributions and other	-	-	72,152	72,152
Total revenues	1,000	1,000	73,176	72,176
Expenditures:				
Operating	24,422	32,322	15,426	16,896
Total expenditures	24,422	32,322	15,426	16,896
Excess (deficiency) of revenues over expenditures	(23,422)	(31,322)	57,750	89,072
Other Financing Sources (Uses):				
Transfers out	(5,711)	(7,941)	(7,941)	-
Total other financing sources (uses)	(5,711)	(7,941)	(7,941)	-
Net change in fund balance	$ (29,133)	$ (39,263)	49,809	$ 89,072
Fund Balance, October 1			102,274	
Fund Balance, September 30			$ 152,083	

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, 2022

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Intergovernmental	$ 514,844	$ 514,844	$ -	$ (514,844)
Charges for services	703,670	703,670	736,923	33,253
Investment earnings	1,500	1,500	8,587	7,087
Contributions and other	-	-	1,000	1,000
Total revenues	1,220,014	1,220,014	746,510	(473,504)
Expenditures:				
Personnel services	92,279	92,279	77,223	15,056
Operating	489,805	486,505	72,788	413,717
Capital Outlay	950,000	1,089,300	277,298	812,002
Total expenditures	1,532,084	1,668,084	427,309	1,240,775
Excess (deficiency) of revenues over expenditures	(312,070)	(448,070)	319,201	767,271
Other Financing Sources (Uses):				
Transfers out	(44,285)	(44,285)	(44,285)	-
Total other financing sources (uses)	(44,285)	(44,285)	(44,285)	-
Net change in fund balance	$ (356,355)	$ (492,355)	274,916	$ 767,271
Fund Balance, October 1			952,421	
Fund Balance, September 30			$ 1,227,337	

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, 2022

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Charges for services	$ 550,495	$ 550,495	$ 636,170	$ 85,675
Fines and forfeitures	-	-	1,370	1,370
Investment earnings	-	-	1,302	1,302
Total revenues	550,495	550,495	638,842	88,347
Expenditures:				
Personnel services	424,000	424,000	381,888	42,112
Operating	435,816	434,616	430,305	4,311
Capital outlay	26,000	27,200	27,187	13
Total expenditures	885,816	885,816	839,380	46,436
Excess (deficiency) of revenues over expenditures	(335,321)	(335,321)	(200,538)	134,783
Other Financing Sources (Uses):				
Transfers in	378,339	378,339	378,339	-
Transfers out	(76,522)	(76,522)	(76,522)	-
Total other financing sources (uses)	301,817	301,817	301,817	-
Net change in fund balance	$ (33,504)	$ (33,504)	101,279	$ 134,783
Fund Balance, October 1			60,224	
Fund Balance, September 30			$ 161,503	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Adaptation & Sustainability Fund - Special Revenue Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Intergovernmental	$ 1,878,360	$ 1,878,360	$ 5,057	$ (1,873,303)
Investment earnings	-	-	2,110	2,110
Total revenues	1,878,360	1,878,360	7,167	(1,871,193)
Expenditures:				
Personnel services	106,246	183,349	166,822	16,527
Operating	2,223,948	2,223,948	77,677	2,146,271
Total expenditures	2,330,194	2,407,297	244,499	2,162,798
Excess (deficiency) of revenues over expenditures	(451,834)	(528,937)	(237,332)	291,605
Other Financing Sources (Uses):				
Transfers in	528,937	528,937	528,937	-
Total other financing sources (uses)	528,937	528,937	528,937	-
Net change in fund balance	$ 77,103	$ -	291,605	$ 291,605
Fund Balance, October 1			-	
Fund Balance, September 30			$ 291,605	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Infrastructure Surtax Fund - Capital Projects Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues:				
Taxes	$ 10,500,000	$ 10,500,000	$ 13,293,562	$ 2,793,562
Intergovernmental	1,994,610	2,094,610	52,748	(2,041,862)
Investment earnings	-	-	70,988	70,988
Total revenues	12,494,610	12,594,610	13,417,298	822,688
Expenditures:				
Personnel services	224,212	313,406	253,407	59,999
Operating	6,093	26,578	64,923	(38,345)
Debt Service	-	158,297	158,297	-
Capital outlay	11,812,405	12,083,874	2,814,698	9,269,176
Total expenditures	12,042,710	12,582,155	3,291,325	9,290,830
Excess (deficiency) of revenues over expenditures	451,900	12,455	10,125,973	10,113,518
Other Financing Sources (Uses):				
Transfers out	(3,419,450)	(3,474,450)	(3,474,450)	-
Sale of general capital assets	-	-	43,170	43,170
Total other financing sources (uses)	(3,419,450)	(3,474,450)	(3,431,280)	43,170
Net change in fund balance	$ (2,967,550)	$ (3,461,995)	6,694,693	$ 10,156,688
Fund Balance, October 1			8,429,487	
Fund Balance, September 30			$ 15,124,180	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Intergovernmental	$ 4,500,000	$ 4,500,000	$ -	$ (4,500,000)
Investment earnings	-	-	3,934	3,934
Total revenues	4,500,000	4,500,000	3,934	(4,496,066)
Expenditures:				
Personnel services	101,017	101,017	101,769	(752)
Operating	272	272	272	-
Capital outlay	4,770,000	4,770,000	-	4,770,000
Total expenditures	4,871,289	4,871,289	102,041	4,769,248
Excess (deficiency) of revenues over expenditures	(371,289)	(371,289)	(98,107)	273,182
Other Financing Sources (Uses):				
Transfers in	373,760	373,760	373,760	-
Transfers out	(10,756)	(10,756)	(10,756)	-
Total other financing sources (uses)	363,004	363,004	363,004	-
Net change in fund balance	$ (8,285)	$ (8,285)	264,897	$ 273,182
Fund Balance, October 1			359,084	
Fund Balance, September 30			$ 623,981	

FIDUCIARY FUNDS OVERVIEW

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

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

City of Key West, Florida
Combining Statement of Net Position
Fiduciary Funds
September 30, 2022

	Pension Trust Funds		
	General Employees	Police and Fire	Total
Assets:			
Cash and cash equivalents	$ 1,071,779	$ 4,799,027	$ 5,870,806
Investments, at fair value:			
Equity securities	34,888,443	66,704,942	101,593,385
Corporate and foreign bonds and bond funds	6,326,265	12,785,132	19,111,397
Fixed income fund	-	6,836,994	6,836,994
Alternative investments	10,802,360	4,369,314	15,171,674
U.S. government securities	3,013,934	18,902,239	21,916,173
Collateralized mortgage obligations	5,248,876	-	5,248,876
Municipal obligations	655,701	-	655,701
Real estate	-	7,800,000	7,800,000
Receivables:			
Interest and dividends	82,268	335,730	417,998
Proceeds from securities sold	-	648,148	648,148
Other	-	7,515	7,515
Total assets	62,089,626	123,189,041	185,278,667
Liabilities:			
Accounts payable and accrued expenses	65,344	68,630	133,974
Payable for securities purchased	5,121	848,586	853,707
Total liabilities	70,465	917,216	987,681
Net Position:			
Restricted for pension benefits	$ 62,019,161	$ 122,271,825	$ 184,290,986

City of Key West, Florida
Combining Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended September 30, 2022

	Pension Trust Funds		
	General Employees	Police and Fire	Total
Additions:			
Contributions:			
Employer	$ 1,133,833	$ 3,975,506	$ 5,109,339
Members	928,271	1,132,131	2,060,402
State police and fire	-	622,885	622,885
Total contributions	2,062,104	5,730,522	7,792,626
Investment earnings (losses):			
Net appreciation (depreciation) in fair value of investments	(9,712,819)	(26,515,384)	(36,228,203)
Interest, dividends and other investment earnings	1,536,061	3,579,004	5,115,065
Total investment earnings (losses)	(8,176,758)	(22,936,380)	(31,113,138)
Less: Investment expenses	321,209	600,608	921,817
Net investment earnings (losses)	(8,497,967)	(23,536,988)	(32,034,955)
Total additions	(6,435,863)	(17,806,466)	(24,242,329)
Deductions:			
Benefits paid	3,642,062	6,395,301	10,037,363
Administrative expenses	158,749	168,485	327,234
Total deductions	3,800,811	6,563,786	10,364,597
Changes in net position	(10,236,674)	(24,370,252)	(34,606,926)
Net Position, October 1	72,255,835	146,642,077	218,897,912
Net Position, September 30	$ 62,019,161	$ 122,271,825	$ 184,290,986

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: 110-119

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: 120-123

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

Debt Capacity: 124-128

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: 129-131

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: 132-134

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

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

	Fiscal Year									
	2013	2014 [1]	2015	2016	2017 [2]	2018	2019	2020	2021	2022
Governmental activities:										
Net investment in capital assets	$ 98,927	$ 106,158	$ 115,897	$ 134,743	$ 151,492	$ 161,190	$ 169,824	$ 170,710	$ 168,749	$ 170,421
Restricted	39,406	34,704	31,633	22,445	19,429	18,698	16,441	19,041	26,329	30,954
Unrestricted	25,586	22,296	27,530	22,907	10,224	3,070	5,220	1,204	4,073	10,561
Total governmental activities net position	$ 163,919	$ 163,158	$ 175,060	$ 180,095	$ 181,145	$ 182,958	$ 191,485	$ 190,955	$ 199,151	$ 211,936
Business-type activities:										
Net investment in capital assets	$ 115,459	$ 116,044	$ 123,627	$ 129,522	$ 129,029	$ 129,933	$ 131,233	$ 133,910	$ 135,385	$ 135,300
Restricted	589	326	349	259	274	289	304	320	341	-
Unrestricted	29,476	37,658	40,073	41,043	42,994	45,782	49,407	49,803	53,005	58,760
Total business-type activities net position	$ 145,524	$ 154,028	$ 164,049	$ 170,824	$ 172,297	$ 176,004	$ 180,944	$ 184,033	$ 188,731	$ 194,060
Primary government:										
Net investment in capital assets	$ 214,386	$ 222,202	$ 239,524	$ 264,265	$ 280,521	$ 291,123	$ 301,057	$ 304,620	$ 304,134	$ 305,721
Restricted	39,995	35,030	31,982	22,704	19,703	18,987	16,745	19,361	26,670	30,954
Unrestricted	55,062	59,954	67,603	63,950	53,218	48,852	54,627	51,007	57,078	69,321
Total primary government net position	$ 309,443	$ 317,186	$ 339,109	$ 350,919	$ 353,442	$ 358,962	$ 372,429	$ 374,988	$ 387,882	$ 405,996

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

[2] 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental activities:										
General government	$ 16,670	$ 16,419	$ 17,011	$ 18,008	$ 19,479	$ 21,829	$ 19,426	$ 18,904	$ 17,698	$ 18,577
Public safety	22,692	24,315	23,748	26,681	29,565	29,894	31,121	31,963	30,860	32,193
Transportation	7,770	4,462	2,765	2,748	3,486	5,762	6,852	6,284	5,801	5,640
Economic environment	1,784	1,633	1,503	861	1,063	1,517	2,228	2,521	2,446	5,744
Human services	488	468	506	474	459	459	510	634	717	796
Culture and recreation	2,567	2,456	2,689	2,702	3,827	4,276	4,785	4,514	4,165	4,378
Interest	26	22	19	15	11	7	4	12	3	5
Total governmental activities expenses	51,997	49,775	48,241	51,489	57,890	63,744	64,926	64,832	61,690	67,333
Business type activities:										
Sewer System	11,404	10,550	10,720	11,017	11,433	10,359	11,023	11,187	10,178	10,587
Solid Waste	8,753	8,042	7,578	8,938	8,074	8,464	8,021	8,136	8,331	8,411
Key West Bight	4,329	4,158	5,082	5,777	5,769	5,805	6,150	5,366	6,170	7,918
Stormwater	2,755	2,223	2,311	2,517	3,196	2,814	2,678	3,052	2,815	3,000
Garrison Bight	1,359	1,351	1,428	1,427	1,445	1,723	1,811	1,996	2,054	2,257
Transit System	2,732	2,935	2,893	3,130	3,737	4,048	4,183	3,889	4,473	4,570
Total business-type activities expenses	31,332	29,259	30,012	32,806	33,654	33,213	33,866	33,626	34,021	36,743
Total primary government expenses	$ 83,329	$ 79,034	$ 78,253	$ 84,295	$ 91,544	$ 96,957	$ 98,792	$ 98,458	$ 95,711	$ 104,076

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program revenues:										
Governmental activities:										
Fee, fines and charges for services:										
General government	$ 2,721	$ 3,161	$ 3,353	$ 3,447	$ 3,275	$ 3,209	$ 4,032	$ 2,580	$ 3,248	$ 3,957
Public safety	2,733	3,296	5,100	4,100	4,407	4,342	5,690	3,796	3,931	5,449
Transportation	6,976	7,267	7,291	7,654	9,242	9,656	12,206	8,303	6,720	8,424
Economic environment	33	26	26	26	20	20	120	20	57	20
Culture and recreation	344	462	478	467	483	558	757	536	668	883
Operating grants and contributions	2,041	2,261	1,577	1,499	2,261	3,746	6,712	4,509	4,426	2,712
Capital grants and contributions	11,150	537	388	359	1,503	3,601	451	1,970	605	360
Total governmental activities program revenues	25,998	17,010	18,213	17,552	21,191	25,132	29,968	21,714	19,655	21,805
Business type activities:										
Charges for services:										
Sanitary Sewer System	12,164	11,979	11,933	11,968	11,522	11,381	11,248	11,407	11,853	12,312
Solid Waste	9,503	9,398	9,171	9,547	9,291	9,284	9,359	8,814	9,330	10,084
Key West Bight	7,047	7,465	8,896	9,021	9,621	9,709	11,394	9,027	12,090	15,229
Stormwater	2,613	2,131	2,063	2,084	2,197	2,353	2,403	2,481	2,382	2,390
Garrison Bight	1,507	1,604	1,960	1,978	2,059	1,954	2,293	2,322	2,998	3,207
Transit System	1,039	1,126	1,260	1,341	1,271	1,106	1,334	864	1,154	1,538
Operating grants and contributions	1,124	2,239	1,410	4,338	2,130	2,235	2,295	3,388	2,744	2,623
Capital grants and contributions	2,518	3,213	7,654	2,660	296	2,518	1,325	2,208	2,170	1,037
Total business type activities program revenues	37,515	39,155	44,347	42,937	38,387	40,540	41,651	40,511	44,721	48,420
Total primary government program revenues	$ 63,513	$ 56,165	$ 62,560	$ 60,489	$ 59,578	$ 65,672	$ 71,619	$ 62,225	$ 64,376	$ 70,225

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (expenses)/revenues:										
Governmental activities	$ (25,999)	$ (32,765)	$ (30,028)	$ (33,937)	$ (36,699)	$ (38,612)	$ (34,958)	$ (43,118)	$ (42,035)	$ (45,528)
Business type activities	6,183	9,896	14,335	10,131	4,733	7,327	7,785	6,885	10,700	11,677
Total primary government net expense	$ (19,816)	$ (22,869)	$ (15,693)	$ (23,806)	$ (31,966)	$ (31,285)	$ (27,173)	$ (36,233)	$ (31,335)	$ (33,851)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	$ 15,127	$ 15,059	$ 15,161	$ 15,086	$ 16,329	$ 16,490	$ 16,663	$ 17,418	$ 17,492	$ 18,253
Sales taxes	10,945	11,824	12,631	12,971	13,286	12,725	14,064	12,242	17,483	20,169
Franchise and local business taxes	1,404	1,448	1,482	1,509	1,533	1,480	1,506	1,498	1,555	1,461
Communication taxes	1,599	1,474	1,462	1,377	1,280	1,294	1,264	1,235	1,209	1,230
Cigarette and motor fuel taxes	2,462	2,695	2,801	2,903	2,968	2,904	2,995	2,800	3,421	3,890
Investment earnings	197	316	568	478	264	217	792	383	69	309
Miscellaneous	8,476	785	2,720	633	722	986	928	1,265	1,991	5,472
Transfers	3,942	2,820	5,105	4,015	4,044	4,329	5,273	5,747	7,011	7,529
Total governmental activities	44,152	36,421	41,930	38,972	40,426	40,425	43,485	42,588	50,231	58,313
Business type activities:										
Investment earnings	165	214	380	382	264	349	1,320	653	106	396
Transfers	(3,942)	(2,820)	(5,105)	(4,015)	(4,044)	(4,329)	(5,273)	(5,747)	(7,011)	(7,529)
Miscellaneous	410	322	411	277	784	360	1,108	1,298	903	784
Total business-type activities	(3,367)	(2,284)	(4,314)	(3,356)	(2,996)	(3,620)	(2,845)	(3,796)	(6,002)	(6,348)
Total primary government	$ 40,785	$ 34,137	$ 37,616	$ 35,616	$ 37,430	$ 36,805	$ 40,640	$ 38,792	$ 44,229	$ 51,965

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Changes in net position:										
Governmental activities	$ 18,153	$ 3,656	$ 11,902	$ 5,035	$ 3,727	$ 1,813	$ 8,527	$ (530)	$ 8,196	$ 12,785
Business type activities	2,816	7,612	10,021	6,775	1,737	3,707	4,940	3,089	4,698	5,329
Total primary government	$ 20,969	$ 11,268	$ 21,923	$ 11,810	$ 5,464	$ 5,520	$ 13,467	$ 2,559	$ 12,894	$ 18,114

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
2013	$ 15,127	$ 10,945	$ 1,404	$ 2,462	$ 1,599	$ 31,537
2014	$ 15,059	$ 11,824	$ 1,448	$ 2,695	$ 1,474	$ 32,500
2015	$ 15,161	$ 12,631	$ 1,482	$ 2,801	$ 1,462	$ 33,537
2016	$ 15,086	$ 12,971	$ 1,509	$ 2,903	$ 1,377	$ 33,846
2017	$ 16,329	$ 13,286	$ 1,533	$ 2,968	$ 1,280	$ 35,396
2018	$ 16,490	$ 12,725	$ 1,480	$ 2,904	$ 1,294	$ 34,893
2019	$ 16,663	$ 14,064	$ 1,506	$ 2,995	$ 1,264	$ 36,492
2020	$ 17,418	$ 12,242	$ 1,498	$ 2,800	$ 1,235	$ 35,193
2021	$ 17,492	$ 17,483	$ 1,555	$ 3,421	$ 1,209	$ 41,160
2022	$ 18,253	$ 20,169	$ 1,461	$ 3,890	$ 1,230	$ 45,003

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Nonspendable	$ 1,950	$ 1,828	$ 1,702	$ 1,597	$ 1,520	$ 1,445	$ 1,391	$ 1,050	$ 937	$ 850
Restricted	2	3	-	139	376	102	1,416	1,159	319	1,000
Committed	269	360	2,172	2,207	546	170	175	24	55	60
Assigned	1,051	1,883	1,653	1,189	437	728	429	416	454	1,679
Unassigned	11,296	12,466	14,842	13,904	10,174	3,471	8,514	6,720	10,578	12,098
Total General Fund	$ 14,568	$ 16,540	$ 20,369	$ 19,036	$ 13,053	$ 5,916	$ 11,925	$ 9,369	$ 12,343	$ 15,687
All other governmental funds:										
Nonspendable	$ 280	$ 191	$ 172	$ 186	$ 164	$ 591	$ 1	$ 186	$ 9	$ 1,885
Restricted	39,124	34,509	31,632	22,306	19,054	18,596	15,025	17,882	26,010	29,954
Committed	7,500	7,500	7,733	3,974	1,463	1,145	695	665	628	1,010
Unassigned	(778)	-	-	-	-	-	(115)	(34)	-	-
Total all other governmental funds	$ 46,126	$ 42,200	$ 39,537	$ 26,466	$ 20,681	$ 20,332	$ 15,606	$ 18,699	$ 26,647	$ 32,849

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Taxes	$ 25,715	$ 26,303	$ 26,958	$ 27,079	$ 28,429	$ 28,159	$ 29,416	$ 28,562	$ 32,364	$ 35,254
Licenses and permits	3,186	4,002	4,340	3,604	4,380	3,998	4,828	3,580	3,575	4,381
Intergovernmental	10,221	10,635	8,558	8,264	9,865	13,284	14,463	11,049	14,228	13,146
Charges for services	7,458	7,962	9,486	9,415	10,706	11,430	14,417	9,962	9,112	11,450
Fines and forfeitures	769	679	820	991	717	719	1,059	697	680	924
Investment earnings	197	317	568	478	265	217	793	383	69	309
Rental income	1,952	2,164	2,169	2,259	2,170	2,106	2,537	1,711	1,991	2,388
Contributions and other	396	227	2,242	242	307	740	626	2,683	1,533	1,054
Total revenues	49,894	52,289	55,141	52,332	56,839	60,653	68,139	58,627	63,552	68,906
Expenditures:										
General government	15,337	15,931	16,382	16,890	17,704	21,207	17,098	16,224	16,030	18,004
Public safety	21,022	21,739	22,917	25,188	27,399	28,163	29,318	29,742	30,321	32,133
Transportation	7,246	3,910	2,266	2,248	2,909	3,896	4,201	3,224	2,897	2,644
Economic environment	1,783	1,633	1,502	861	1,063	1,128	1,873	2,133	2,088	5,407
Culture and recreation	1,951	1,967	2,169	2,231	3,118	3,730	4,152	3,815	3,639	4,119
Human services	488	468	506	474	459	457	507	628	712	791
Capital outlay	6,437	11,597	13,525	23,111	21,104	14,185	14,956	8,159	7,473	7,726
Debt service:										
Principal	147	147	147	147	147	147	569	414	-	154
Interest	26	22	19	15	11	7	4	12	-	4
Total expenditures	54,437	57,414	59,433	71,165	73,914	72,920	72,678	64,351	63,160	70,982
Excess (deficiency) of revenues over expenditures	(4,543)	(5,125)	(4,292)	(18,833)	(17,075)	(12,267)	(4,539)	(5,724)	392	(2,076)
Other Financing Sources (Uses):										
Transfers in	16,480	8,870	10,931	9,938	10,913	11,899	14,409	14,837	13,829	15,944
Transfers out	(12,229)	(5,719)	(5,501)	(5,513)	(6,458)	(7,168)	(8,620)	(8,611)	(3,607)	(8,005)
Issuance of debt	-	-	-	-	840	-	-	-	308	3,683
Sale of general capital assets	7,541	20	28	4	12	50	33	35	-	-
Total other financing sources (uses)	11,792	3,171	5,458	4,429	5,307	4,781	5,822	6,261	10,530	11,622
Net changes in fund balances	$ 7,249	$ (1,954)	$ 1,166	$ (14,404)	$ (11,768)	$ (7,486)	$ 1,283	$ 537	$ 10,922	$ 9,546
Ratio of total debt service expenditures to total noncapital expenditures	0.36%	0.37%	0.36%	0.34%	0.30%	0.26%	0.99%	0.76%	0.00%	0.25%

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

Fiscal Year	General Government	Public Safety	Transportation	Economic Environment	Culture and Recreation	Other	Total
2013	$ 14,716,056	$ 20,966,990	$ 757,323	$ 80,197	$ 1,951,187	$ 1,012,947	$ 39,484,700
2014	$ 15,365,596	$ 21,650,994	$ 913,521	$ 49,314	$ 1,961,513	$ 923,942	$ 40,864,880
2015	$ 16,100,897	$ 22,794,448	$ 860,416	$ 49,803	$ 2,168,744	$ 1,433,703	$ 43,408,011
2016	$ 16,630,840	$ 25,102,343	$ 983,115	$ 55,736	$ 2,231,442	$ 955,734	$ 45,959,210
2017	$ 17,407,388	$ 27,387,156	$ 1,144,716	$ 337,374	$ 3,117,581	$ 987,026	$ 50,381,241
2018	$ 20,726,174	$ 28,135,377	$ 1,393,122	$ 187,590	$ 3,527,067	$ 1,348,365	$ 55,317,695
2019	$ 15,496,901	$ 29,290,331	$ 2,076,581	$ 189,245	$ 3,104,980	$ 2,802,860	$ 52,960,898
2020	$ 15,584,311	$ 29,724,926	$ 1,366,294	$ 118,464	$ 3,035,474	$ 1,429,157	$ 51,258,626
2021	$ 15,611,841	$ 30,269,744	$ 402,125	$ 1,042,270	$ 2,953,319	$ 960,155	$ 51,239,454
2022	$ 17,586,665	$ 32,100,124	$ 365,286	$ 3,876,554	$ 3,257,351	$ 1,406,139	$ 58,592,119

(1) Expenditures include General Fund only.

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

Fiscal Year	Taxes	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeitures	Investment Earnings and Other	Total
2013	$ 16,593,485	$ 3,186,346	$ 6,932,953	$ 6,881,080	$ 707,745	$ 2,121,688	$ 36,423,297
2014	$ 16,399,038	$ 4,001,655	$ 7,150,588	$ 7,354,163	$ 629,454	$ 2,383,531	$ 37,918,429
2015	$ 16,430,227	$ 4,228,371	$ 7,151,115	$ 9,029,919	$ 784,890	$ 4,549,890	$ 42,174,412
2016	$ 16,213,304	$ 3,410,517	$ 7,392,167	$ 8,853,780	$ 818,303	$ 2,592,414	$ 39,280,485
2017	$ 17,320,046	$ 4,379,978	$ 7,466,965	$ 8,824,283	$ 717,104	$ 2,385,399	$ 41,093,775
2018	$ 17,425,189	$ 3,997,476	$ 9,171,289	$ 8,901,735	$ 719,179	$ 2,505,880	$ 42,720,748
2019	$ 17,620,536	$ 4,827,548	$ 13,302,229	$ 11,653,525	$ 1,058,840	$ 3,181,313	$ 51,643,991
2020	$ 17,917,932	$ 3,580,149	$ 9,090,043	$ 8,238,999	$ 696,652	$ 2,951,047	$ 42,474,822
2021	$ 17,813,272	$ 3,575,220	$ 11,691,250	$ 7,826,389	$ 679,723	$ 2,267,052	$ 43,852,906
2022	$ 18,723,430	$ 4,380,709	$ 12,177,570	$ 9,641,750	$ 922,225	$ 2,765,463	$ 48,611,147

(1) Revenues include General Fund only.

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

Fiscal Year	Tax Levy	Collections Current Tax	Percent of Levy	Collections Delinquent Tax	Collections Total Tax	Percent of Levy
2013	$ 14,859,861	$ 13,847,692	93.2	$ 615,050	$ 14,462,742	97.3
2014	$ 14,798,746	$ 14,316,000	96.7	$ 45,076	$ 14,361,076	97.0
2015	$ 15,690,912	$ 14,358,235	91.5	$ 42,056	$ 14,400,291	91.8
2016	$ 15,815,079	$ 14,245,778	90.1	$ 25,265	$ 14,271,043	90.2
2017	$ 15,963,489	$ 15,429,362	96.7	$ 28,557	$ 15,457,919	96.8
2018	$ 16,074,295	$ 15,514,225	96.5	$ 58,100	$ 15,572,325	96.9
2019	$ 16,149,217	$ 15,619,883	96.7	$ 35,320	$ 15,655,203	96.9
2020	$ 16,878,137	$ 16,223,625	96.1	$ 16,178	$ 16,239,803	96.2
2021	$ 16,946,151	$ 16,318,810	96.3	$ 3,933	$ 16,322,743	96.3
2022	$ 17,679,625	$ 16,963,946	96.0	$ 15,130	$ 16,979,077	96.0

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
2013	$ 8,231,175	$ 323,906	$ 3,463,472	$ 5,091,609	2.9185	$ 5,091,609	1.0
2014	$ 8,482,416	$ 323,457	$ 3,516,073	$ 5,289,801	2.7976	$ 5,289,801	1.0
2015	$ 8,874,783	$ 300,825	$ 3,519,798	$ 5,655,809	2.7743	$ 5,655,809	1.0
2016	$ 9,348,014	$ 298,273	$ 3,541,965	$ 6,104,322	2.5908	$ 6,104,322	1.0
2017	$ 9,809,365	$ 289,960	$ 3,687,255	$ 6,412,070	2.4896	$ 6,412,070	1.0
2018	$ 10,257,622	$ 274,666	$ 3,682,252	$ 6,850,036	2.3466	$ 6,850,036	1.0
2019	$ 10,725,041	$ 282,300	$ 3,691,397	$ 7,315,945	2.2074	$ 7,315,945	1.0
2020	$ 11,228,364	$ 354,524	$ 3,745,350	$ 7,837,537	2.1535	$ 7,837,537	1.0
2021	$ 11,524,581	$ 357,933	$ 3,757,981	$ 8,124,533	2.0858	$ 8,124,533	1.0
2022	$ 11,697,602	$ 388,629	$ 3,809,253	$ 8,276,978	2.1360	$ 8,276,978	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

	City of Key West			Overlapping Rates (1)					
Fiscal Year	Operating Millage	Debt Service Millage	Total Direct Rate	Monroe County	School Board	South Florida Water Management District	Florida Keys Mosquito Control District	Other	Total
2013	2.9185	-	2.9185	3.1229	3.6600	0.1757	0.5171	0.2532	10.6474
2014	2.7976	-	2.7976	3.1380	3.6810	0.1685	0.5069	0.2425	10.5345
2015	2.7743	-	2.7743	3.1275	3.6260	0.1577	0.4824	0.2265	10.3944
2016	2.5908	-	2.5908	2.9753	3.5500	0.1459	0.5019	0.2092	9.9731
2017	2.4896	-	2.4896	2.8297	3.4840	0.1359	0.5831	0.1948	9.7171
2018	2.3466	-	2.3466	2.6957	3.3560	0.1275	0.4646	0.1825	9.1729
2019	2.2074	-	2.2074	2.6957	3.3580	0.1209	0.4555	0.1727	9.0102
2020	2.1535	-	2.1535	2.5881	3.3430	0.1152	0.4508	0.1643	8.8149
2021	2.0858	-	2.0858	2.5781	3.3520	0.1103	0.4508	0.1572	8.7342
2022	2.1360	-	2.1360	2.6149	3.2840	0.1061	0.4648	0.1511	8.7569

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

2022				2013			
Name of Taxpayer	Assessed Value	Rank	Percent of Total Assessed Valuation	Name of Taxpayer	Assessed Value	Rank	Percent of Total Assessed Valuation
Casa Marina Equity Holdings LLC	$ 189,435,540	1	2.29	Galleon Condominium Association Inc.	$ 142,097,484	1	2.79
Tannex Development, LC	126,386,289	2	1.53	Hyatt Vacation Management	62,938,833	2	1.24
Pebblebrook Hotel Trust	121,124,656	3	1.46	City of Key West	53,708,585	3	1.05
Diamondrock Key West LLC	117,383,606	4	1.42	Windward Point	50,475,296	4	0.99
Sunset City LLC	110,041,282	5	1.33	SH5, LTD	47,150,998	5	0.92
Ashford Pier House LP	106,537,495	6	1.29	Southernmost Beach LP	46,883,179	6	0.93
Seaboard Associates Limited PA	96,224,153	7	1.16	Tannex Development Corp.	44,324,443	7	0.87
Reach Equity Holdings LLC	92,807,720	8	1.12	JLW Key West 1 LLC	39,768,423	8	0.78
Passco Ocean DST	87,385,182	9	1.06	Casa Marina	30,713,529	9	0.60
IA Lodging Key West LLC	86,926,635	10	1.05	Spottswood Partners II LTD	28,018,188	10	0.55
Total	$ 1,134,252,558		13.71	Total	$ 546,078,958		10.72

Source: Property Appraiser, Monroe County, Florida.

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

Fiscal Year	Note Payable Governmental Activities	Capital Lease Governmental Activities	Revenue Bonds (1) Business-type Activities	Note Payable Business-type Activities	Total Outstanding Debt	Percentage of Personal Income (2)	Population (2)	Debt per Capita
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
2020	$ -	$ -	$ 12,407,042	$ 532,061	$ 12,939,103	1.17%	24,868	$ 520
2021	$ -	$ 308,365	$ 10,417,240	$ 180,235	$ 10,905,840	0.86%	26,686	$ 409
2022	$ -	$ 154,160	$ 8,371,179	$ -	$ 8,525,339	0.61%	27,040	$ 315

(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)
2013	25,057	$ 5,091,609	-	-	-	-	-
2014	25,550	$ 5,289,801	-	-	-	-	-
2015	25,704	$ 5,655,809	-	-	-	-	-
2016	25,755	$ 6,104,322	-	-	-	-	-
2017	26,990	$ 6,412,070	-	-	-	-	-
2018	25,208	$ 6,850,036	-	-	-	-	-
2019	24,565	$ 7,315,945	-	-	-	-	-
2020	24,868	$ 7,837,537	-	-	-	-	-
2021	26,686	$ 8,124,533	-	-	-	-	-
2022	27,040	$ 8,276,978	-	-	-	-	-

(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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (2)	Ratio of Debt Service to Total General Expenditures
2013	-	-	-	$ 39,484,700	-
2014	-	-	-	$ 40,864,880	-
2015	-	-	-	$ 43,408,011	-
2016	-	-	-	$ 45,959,210	-
2017	-	-	-	$ 50,381,241	-
2018	-	-	-	$ 55,317,695	-
2019	-	-	-	$ 52,960,898	-
2020	-	-	-	$ 51,258,626	-
2021	-	-	-	$ 51,239,454	-
2022	-	-	-	$ 58,592,119	-

(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, 2022

	Debt Outstanding	Applicable to City of Key West	
		Percentage	Amount
Direct debt:			
City of Key West (1)	$ 154,160	100.00%	$ 154,160
Estimated overlapping debt:			
Monroe County, District School Board (2)	97,629,679	26.08% (3)	25,464,749
Total ad valorem tax supported debt	$ 97,783,839		$ 25,618,909
Ratios:			
Overall debt to 2022 taxable valuation			0.31%
Overall debt per capita			$ 947

(1) City of Key West direct debt does not include revenue bonds.
(2) Monroe County School Board debt is as of June 30, 2022, 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 Operations and Maintenance (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			
				Principal	Interest	Total	Coverage
2013	$ 12,032	$ 5,648	$ 6,384	$ 680	$ 398	$ 1,078	5.92
2014	$ 12,056	$ 5,763	$ 6,293	$ 1,713	$ 576	$ 2,289	2.75
2015	$ 12,076	$ 5,915	$ 6,161	$ 1,762	$ 533	$ 2,295	2.68
2016	$ 11,993	$ 5,958	$ 6,035	$ 1,801	$ 488	$ 2,289	2.64
2017	$ 11,543	$ 5,812	$ 5,731	$ 1,842	$ 442	$ 2,284	2.51
2018	$ 11,371	$ 5,949	$ 5,422	$ 1,891	$ 396	$ 2,287	2.37
2019	$ 11,642	$ 6,520	$ 5,122	$ 1,942	$ 348	$ 2,290	2.24
2020	$ 11,578	$ 6,844	$ 4,734	$ 1,990	$ 298	$ 2,288	2.07
2021	$ 11,881	$ 6,585	5,296	$ 2,046	$ 248	$ 2,294	2.31
2022	$ 12,336	$ 7,097	$ 5,239	$ 1,591	$ 201	$ 1,792	2.92

(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 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)
2013	25,057	$ 34,277	$ 858,879	42	4,148	3.7%
2014	25,550	$ 31,700	$ 809,935	43	3,954	3.9%
2015	25,704	$ 31,566	$ 811,372	44	4,583	3.4%
2016	25,755	$ 34,020	$ 876,185	42	4,189	3.3%
2017	26,990	$ 32,428	$ 875,232	40	4,177	2.8%
2018	25,208	$ 35,944	$ 906,076	40	4,256	2.8%
2019	24,565	$ 41,773	$ 1,026,154	41	4,297	2.2%
2020	24,868	$ 44,387	$ 1,103,816	41	4,086	2.2%
2021	26,686	$ 47,423	$ 1,265,530	41	4,318	2.4%
2022	27,040	$ 51,786	$ 1,400,293	42	4,299	1.6%

(1) Sources: Key West Chamber of Commerce and Bureau of Labor Statistics, University of Florida.
(2) Source: Monroe County School Board.
(3) Source: U.S. Department of Labor and Employment Security, Bureau of Labor.

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

2022		2013	
Employer	**Employees**	**Employer**	**Employees**
Public Sector:		Public Sector:	
US Armed Services[(1)]	14,570	US Armed Services	2,931
Monroe County Schools	1,701	Monroe County Schools	1,047
Monroe County Government	612	Monroe County Sheriff's Office	592
Monroe County Sheriff's Office	517	Monroe County Government	531
City of Key West	524	City of Key West	464
Florida Keys Aqueduct Authority	297	Florida Keys Aqueduct Authority	255
Keys Energy Service	129	Florida Keys Community College	125
Florida Keys Electric Cooperative Assoc.	120	Keys Energy Service	136
College of the Florida Keys	78		
Private Sector:		Private Sector:	
Ocean Reef Club	1,241	Ocean Reef Club	904
Publix	756	Health Management Association	688
Ocean Properties	645	Publix	430
Lower Keys Medical Center, Key West	523	Historic Tours of America	300
Spottswood Properties	415	Casa Marina Resort/Reach Resort	275
Casa Marina Resort / Reach Resort	362	Cheeca Lodge	249
Hawk's Cay Resort	359	Spottswood Properties	184
Cheeca Lodge	275	First State Bank of the Keys	180

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

[(1)] Includes military personnel, civilian support, and contractors.

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
2013	$ 8,555,081	$ 3,463,472	$ 5,091,609	5,467	$ 71,443
2014	$ 8,805,874	$ 3,516,073	$ 5,289,801	6,187	$ 213,520
2015	$ 9,175,608	$ 3,519,798	$ 5,655,809	5,465	$ 386,381
2016	$ 9,646,287	$ 3,541,965	$ 6,104,322	6,429	$ 815,196
2017	$ 10,099,325	$ 3,687,255	$ 6,412,070	4,843	$ 104,204
2018	$ 10,532,288	$ 3,682,252	$ 6,850,036	3,854	$ 112,065
2019	$ 11,007,342	$ 3,691,397	$ 7,315,945	4,951	$ 139,079
2020	$ 11,582,888	$ 3,745,350	$ 7,837,537	3,800	$ 80,134
2021	$ 11,882,514	$ 3,757,981	$ 8,124,533	4,029	$ 81,092
2022	$ 12,086,231	$ 3,809,253	$ 8,276,978	3,718	$ 109,864

(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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government:										
Building permits issued	5,467	6,187	5,465	6,429	4,843	3,854	4,951	3,800	4,029	3,718
Building inspections performed	9,057	11,812	11,642	11,018	8,910	8,837	9,147	5,537	9,537	8,245
Business Tax	8,509	10,087	10,642	9,799	8,604	9,139	9,188	9,666	8,827	9,345
Fire:										
Emergency responses	1,846	1,945	4,818 *	7,194 **	5,877	6,902	7,145	6,029	6,857	5,751
Inspections	2,293	2,310	2,100	2,077	1,700	2,560	3,722	2,298	2,268	2,318
Police:										
Physical arrests	2,010	2,171	2,100	1,753	1,264	1,486	1,722	1,423	1,564	1,647
Parking violations	30,504	27,897	33,261	32,199	31,382	23,940	26,055	16,276	18,422	22,801
Traffic violations	4,065	4,018	3,092	2,529	2,257	3,115	2,865	2,952	1,362	3,063
Cemetery:										
Burials	93	94	102	117	109	118	91	82	111	136
Sewer:										
Average daily flow (millions of gallons per day)	4	4	4	4	4	4	4	4	4.4	4.8
Solid Waste:										
Refuse annually tons	41,091	44,064	40,563	41,056	41,045	42,766	40,560	40,726	44,375	40,841
Recycle annual in tons	5,406	5,333	5,381	5,371	5,223	5,565	5,477	4,747	4,905	4,823
Marinas:										
Key West Bight:										
Diesel gallons pumped	128,205	128,548	168,924	219,435	206,963	217,097	298,895	217,351	258,439	204,947
Gas gallons pumped	126,381	133,580	150,826	177,291	142,394	189,860	215,375	189,900	233,694	197,600
Transient customers	1,454	1,365	1,394	1,617	1,730	1,021	1,189	798	1,445	1,175
Ferry terminal:										
Boat landings	358	364	389	482	358	372	362	279	371	373
Passenger disembarkments	148,738	166,677	192,073	184,662	186,817	169,728	189,596	125,245	161,197	190,428
Diesel gallons pumped	7,255	7,743	333,545	383,926	347,119	357,052	322,785	253,707	320,577	401,873
Garrison Bight:										
Transient customers	354	438	674	581	691	296	958	180	414	269
Mooring field monthly permits	103	133	377	515	623	270	917	238	145	190
Ramp usage	4,806	5,893	5,178	4,703	3,927	4,931	4,332	4,363	4,122	3770
Transportation:										
Cruise ship passengers	734,349	800,752	745,864	696,224	745,781	865,939	913,323	500,320	-	127,899
Sidewalks repaired/ replaced	82,395	20,250	10,000	5,000	6,221	52,380	36,530	89,985	20,583	92,502

*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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire:										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Engines	7	7	6	6	7	8	8	8	8	8
Aerial	1	1	1	1	1	1	1	1	1	1
Heavy duty rescue	-	-	-	-	-	1	1	1	1	1
Light duty rescue	1	1	1	1	1	6	6	6	6	6
Ambulances	-	-	4 *	4	5	5	6	6	6	6
Fire boat	-	-	-	-	-	1	1	1	1	1
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	115	117	118	118	118	119	114	114	114	114
Parking enforcement units	7	6	6	6	6	6	6	7	7	7
Police boat	-	-	-	-	-	1	1	1	1	1
Parks and Recreation:										
Acreage	69.25	69.25	69.25	69.25	69.25	105.25+	105.25	105.25	105.25	105.25
Playgrounds	3	3	3	3	3	3	3	3	3	5
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	2
Basketball courts	5	5	5	5	5	5	5	5	5	5
Pools	1	1	1	1	1	1	1	1	1	1
Splash	-	-	-	-	1	2	2	2	2	2
Sewer:										
Length of system	58	60	60	60	60	60	60	60	60	60
Plant daily capacity (millions of gallons per day)	10	10	10	10	10	10	10	10	10	10
Stormwater:										
Length of system	12	12	12	12	12	12	12	12	12	12
Key West Bight:										
Slips:										
Transient slips	92	92	92	92	92	92	95	95	102	102
Commercial slips	42	42	42	42	42	42	42	42	42	42
Other slips	15	15	15	15	15	15	12	12	12	12
Fuel capacity (gallons):										
Gasoline	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Diesel	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Leasable retail space: (square feet)	94,059	96,384	96,434	101,108	101,108	105,348	108,098	111,632	112,335	111,384
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	42	42	51	51	51	51	51	56	74
Live aboard/pleasure	140	167	167	158	158	146	146	146	146	128
Commercial/charter	37	37	37	37	37	37	37	37	37	37
Mooring field	149	149	149	149	149	149	149	149	149	149
Transportation:										
Number of buses	14	14	17	18	15	21	21	20	24	24
Cruise ports	3	3	3	3	3	3	3	3	3	3
Ferry terminals	1	1	1	1	1	1	1	1	1	1

*Fire Department started Emergency Medical Services (EMS) services on 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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City Commission	5	5	7	8	8	8	8	8	8	8
City Management	6	7	7	7	6	6	6	6	6	7
Management services and other	82	82	91	93	96	94	90	93	85	94
Recreation	31	32	32	32	33	37	38	38	35	32
Fire	72	72	88	72	72	72	72	72	70	71
Public Works	46	49	49	49	53	52	52	52	47	52
Police protection	126	126	126	126	126	129	131	131	122	127
Building	19	21	21	23	24	27	27	28	23	25
Emergency Medical Services	-	-	16	17	17	17	17	17	17	17
Roads and Sidewalks	4	5	5	5	5	5	5	5	5	5
Sewer	4	4	4	2	2	2	2	2	2	3
Stormwater	1	1	1	1	1	1	1	1	1	1
Solid waste	10	10	7	4	4	4	4	4	4	6
Recreation marinas	30	26	28	30	30	32	30	33	32	36
Transportation	28	27	29	29	30	39	37	41	37	40
Total	464	467	511	498	507	525	520	531	494	524

City of Key West, Florida

Compliance Section
For The Year Ended September 30, 2022

Keefe McCullough
CPA's + Trusted Advisors

City of Key West, Florida

Compliance Section
For The Year Ended September 30, 2022

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Keefe McCullough
50 YEARS
CPA's + Trusted Advisors

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Key West, Florida (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 27, 2023. Our report includes a reference to other auditors who audited the financial statements of The Housing Authority of the City of Key West, Florida, which is the sole discretely presented component unit, as described in our report on the City's financial statements. Also, other auditors audited the financial statements of the Pension Trust Fund for Police Officers and Firefighters, as described in our report on the City's basic financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

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

Purpose of This Report

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 27, 2023

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

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Key West, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the City's major federal programs and state projects for the year ended September 30, 2022. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the fiscal year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program and State Project

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated April 27, 2023, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financials statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financials statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 27, 2023

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50 YEARS
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MANAGEMENT LETTER IN ACCORDANCE WITH
THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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

Report on the Financial Statements

We have audited the financial statements of the City of Key West, Florida (the "City"), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated April 27, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards,* AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated April 27, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority of the City, its blended component unit, and its discretely presented component unit are disclosed in the notes to the financial statements. In addition, the Naval Properties Local Redevelopment Authority, which has no activity, was created by City Ordinance 95-32 in 1995 under Chapter 163, Part III, Florida Statutes.

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Financial Condition and Management

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

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

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

Special District Component Units

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

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554 (1)(i)6, Rules of the Auditor General, the City reported the specific information in Exhibit 1 accompanying this report. The information for compliance with Section 218.39(3)(c), Florida Statutes and Section 10.554(1)(i)6, Rules of the Auditor General, has 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 it.

Additional Matters

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

Purpose of this Letter

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 27, 2023

City of Key West, Florida
Exhibit 1
Data Elements Required By Section 218.39(3)(c), Florida Statutes and Sections 10.554(1)(i)6, Rules of the Auditor General
(Unaudited)

Data Element	Naval Properties Local Redevelopment Authority	Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Number of district employees compensated at 9/30/2022	None	None
Number of independent contractors compensated at September 2022	None	None
Employee compensation for FYE 9/30/2022 (paid/accrued)	$ -	$ 13,779
Independent contractor compensation for FYE 9/30/2022 (paid/accrued)	$ -	$ -
Each construction project to begin on or after October 1 2021; (>$65K)		
The Caroline Street Paving Project	$ -	$ 1,000,000
Douglass Gym Expansion	$ -	$ 4,829,796
Budget variance report(Annual Comprehensive Financial Report Pages)	N/A	98-99

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

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

We have examined the City of Key West, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2022. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements, for the year ended September 30, 2022.

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 27, 2023

CPA's + Trusted Advisors

City of Key West, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2022

Federal or State Grantor/Pass-Through Grantor/Program	Assistance Listing Number	CSFA Number	Grant/ Contract Number	Expenditures	Transfers to Subrecipients
Federal Awards:					
U.S. Department of Housing & Urban Development:					
Direct Program					
Housing Opportunities for Persons with AIDS	14.241	N/A	FL-H19-0020	$ 459,712	$ 446,712
U.S. Department of Interior Fish and Wildlife Service:					
Pass-through State of Florida Department of Environmental Protection					
Clean Vessel Act	15.616	N/A	MV409	18,453	-
U.S. Department of Justice:					
Direct Program					
Bulletproof Vest Partnership Program	16.607	N/A	2020BUBX20021729	9,396	-
Bulletproof Vest Partnership Program	16.607	N/A	2021BUBX21025517	3,299	-
			16.607 Total	12,695	-
Pass-through Florida Department of Law Enforcement					
Coronavirus Emergency Supplemental Funding	16.034	N/A	2021-CESF-MONR-1-C9-111	62,078	-
Edward Byrne Memorial JAG Program	16.738	N/A	2021-JAGD-MONR-1-4R-052	5,370	-
Total U.S. Department of Justice				80,143	-
U.S. Department of Transportation:					
Federal Transit Cluster:					
Pass-through State of Florida Department of Transportation					
Bus and Bus Facilities Formula Program	20.526	N/A	1001-2021-6	113,499	-
Highway Planning and Construction Cluster:					
Pass-through State of Florida Department of Transportation					
Highway Planning and Construction	20.205	N/A	ANT08	56,554	-
Highway Planning and Construction	20.205	N/A	G1X00	8,951	-
			20.205 Total	65,505	-
Highway Safety Cluster:					
Pass-through State of Florida Department of Transportation					
State and Community Highway Safety	20.600	N/A	G2232	13,972	-
Pass-through State of Florida Department of Transportation					
Formula Grants for Rural Areas	20.509	N/A	ARN97	291,382	-
Formula Grants for Rural Areas	20.509	N/A	G2118	336,418	-
Formula Grants for Rural Areas	20.509	N/A	G1T47	142,872	-
			20.509 Total	770,672	-
Total U.S. Department of Transportation				963,648	-
U.S. Department of Health and Human Services:					
Pass-through the Monroe County Coalition, Inc.					
Drug-Free Communities Support Program Grants	93.276	N/A	-	1,235	-

See notes to the schedule of expenditures of federal awards and state financial assistance.

City of Key West, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)
For the Year Ended September 30, 2022

Federal or State Grantor/Pass-Through Grantor/Program	Assistance Listing Number	CSFA Number	Grant/ Contract Number	Expenditures	Transfers to Subrecipients
Federal Awards (continued):					
Executive Office of the President:					
Pass-through South Florida High Intensity Drug Trafficking Area					
High Intensity Drug Trafficking Areas Program	95.001	N/A	FC-FLS-1651	24,364	-
U.S. Department of Treasury:					
Pass-through State of Florida Division of Emergency Management					
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	Y5151	78,688	-
U.S. Department of Homeland Security:					
Pass-through State of Florida Division of Emergency Management					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	Z0029	214,765	-
Hazard Mitigation Grant	97.039	N/A	H0300	7,203	-
Hazard Mitigation Grant	97.039	N/A	H0461	290,586	-
Hazard Mitigation Grant	97.039	N/A	H0538	310,866	-
Hazard Mitigation Grant	97.039	N/A	H0559	23,382	-
Hazard Mitigation Grant	97.039	N/A	H0710	5,057	-
			97.039 Total	637,094	-
Direct Program					
Port Security Grant Program	97.056	N/A	EMW-2019-PU-00312-S01	35,348	-
Port Security Grant Program	97.056	N/A	EMW-2021-PU-00389-S01	112,500	-
			97.056 Total	147,848	-
Total U.S. Department of Homeland Security				999,707	-
Total Expenditures of Federal Awards				$ 2,625,950	$ 446,712

See notes to the schedule of expenditures of federal awards and state financial assistance.

City of Key West, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance (continued)
For the Year Ended September 30, 2022

Federal or State Grantor/Pass-Through Grantor/Program	Assistance Listing Number	CSFA Number	Grant/ Contract Number	Expenditures	Transfers to Subrecipients
State Financial Assistance:					
Department of Environmental Protection:					
Beach Management Funding Assistance	N/A	37.003	22MO2	$ 27,311	$ -
Department of Transportation:					
Seaport Grant Program	N/A	55.005	G1944	8,745	-
Seaport Investment Program	N/A	55.034	G1767	8,318	-
Commuter Assistance Program/Ride Share Grants	N/A	55.007	G1346	44,526	-
Commuter Assistance Program/Ride Share Grants	N/A	55.007	G1Q12	360,236	-
Commuter Assistance Program/Ride Share Grants	N/A	55.007	G2121	174,155	-
			55.007 Total	578,917	-
Public Transit Block Grant Program	N/A	55.010	G1Q24	43,858	-
Public Transit Block Grant Program	N/A	55.010	G2058	767,787	-
			50.010 Total	811,645	-
Public Transit Service Development Program	N/A	55.012	GOZ32	328,610	-
Total Department of Transportation				1,736,235	-
Department of Law Enforcement:					
FIBRS Implementation Assistance Program	N/A	71.043	2020-FBSFA-F2-019	8,009	-
Total Expenditures of State Financial Assistance				$ 1,771,555	$ -

See notes to the schedule of expenditures of federal awards and state financial assistance.

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the federal and state grant activity of the City of Key West, Florida (the "City") for the year ended September 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and Chapter 10.550, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, and Chapter 10.550, *Rules of the Florida Auditor General,* as well as other applicable provisions of contracts and grant agreements, wherein certain types of expenditures are not allowable or are limited as to reimbursements, as applicable.

Note 3 – Indirect Cost Rate

The City did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 – Contingency

The grant and contract revenue received is subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor/contract agencies would become a liability of the City. In the opinion of management, all grant and contract expenditures are in compliance with the terms and conditions of the grant agreements and applicable federal/state laws and other applicable regulations.

SECTION I - SUMMARY AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	*Unmodified Opinion*		
Internal control over financial reporting:			
Material weakness(es) identified?	____ yes	X no	
Significant deficiency(ies) identified?	____ yes	X none reported	
Noncompliance material to financial statements noted?	____ yes	X no	

Federal Programs and State Projects

Internal control over major federal programs and state projects:			
Material weakness(es) identified?	____ yes	X no	
Significant deficiency(ies) identified?	____ yes	X none reported	
Type of auditor's report issued on compliance for major federal programs and state projects?	*Unmodified Opinion*		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.550, *Rules of the Florida Auditor General* ?	____ yes	X no	

Identification of major federal program and state project:

CFDA No.	Federal Program
20.509	U.S. Department of Transportation - Formula Grants for Rural Area

CSFA No.	State Project
55.007	Department of Transportation - Commuter Assistance Program/Ride Share Grants
55.010	Department of Transportation - Public Transit Block Grant Program

Dollar threshold used to distinguish between Type A and Type B programs/projects:	$ 750,000	Federal programs
	$ 531,467	State projects
Auditee qualified as low-risk auditee?	X yes	____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - PRIOR YEAR AUDIT FINDINGS

None reported.