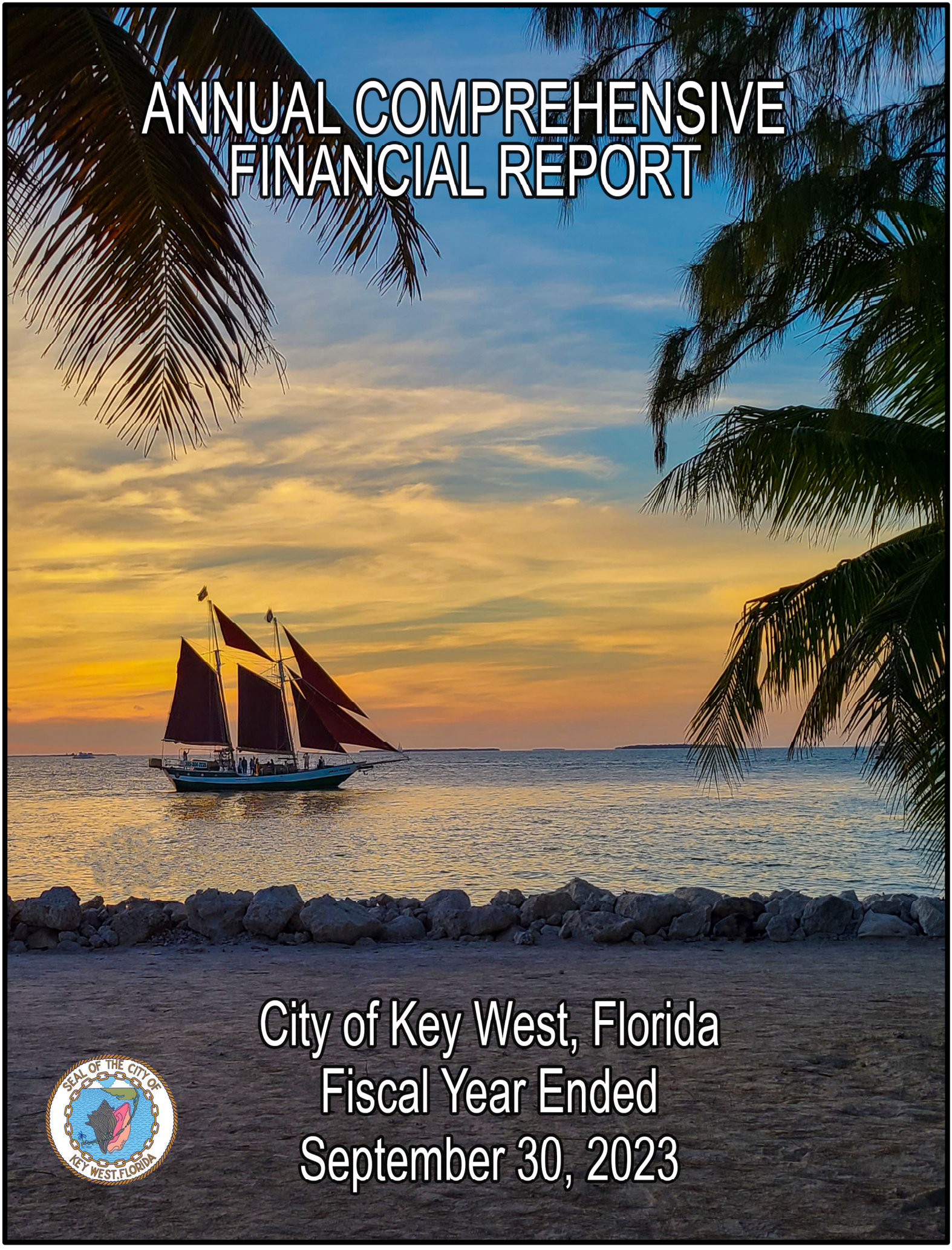


ANNUAL COMPREHENSIVE FINANCIAL REPORT

City of Key West, Florida
Fiscal Year Ended
September 30, 2023

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, 2023

Prepared by:

Department of Finance

City of Key West, Florida
Table of Contents

Introductory Section:

Letter of Transmittal	i-vi
Certificate of Achievement for Excellence in Financial Reporting	vii
List of Principal Officials	viii
Organizational Chart	ix
Vision and Mission Statements	x

Financial Section:

Independent Auditor's Report	1-4
Management's Discussion and Analysis	5-16

Basic Financial Statements:

Government-Wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position - Proprietary Funds	23-24
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26-27
Statement of Net Position - Fiduciary Funds	28
Statement of Changes in Net Position - Fiduciary Funds	29
Notes to Financial Statements	30-81

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 82

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Gas Tax Fund - Special Revenue Fund 83

Schedule of Changes in Total OPEB Liability and Related Ratios 84

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – General Employees' Pension Trust Fund 85

Schedule of Changes in Net Position Liability and Related Ratios – Police Officers' and Firefighters' Pension Trust Fund 86

Schedule of Contributions - General Employees' Pension Trust Fund 87

Schedule of Contributions - Police Officers' and Firefighters' Pension Trust Fund 88

Schedule of Investment Returns - General Employees' Pension Trust Fund 89

Schedule of Investment Returns - Police Officers' and Firefighters' Pension Trust Fund 90

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds Overview 91

Combining Balance Sheet - Nonmajor Governmental Funds 92

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds 93

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Law Enforcement Trust Fund - Special Revenue Fund 94

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Fort Taylor Fund - Special Revenue Fund 95

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Affordable Housing Escrow Fund - Special Revenue Fund 96

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Bahama Village Fund - Special Revenue Fund 97

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Caroline Street Fund - Special Revenue Fund 98

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Community Fund - Special Revenue Fund 99

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Transportation Alternative Fund - Special Revenue Fund 100

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Truman Waterfront Fund - Special Revenue Fund 101

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Adaptation & Sustainability Fund - Special Revenue Fund 102

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Infrastructure Surtax Fund – Capital Project Fund 103

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund 104

Fiduciary Funds Overview 105

Combining Statement of Net Position - Fiduciary Funds 106

Combining Statement of Changes in Net Position - Fiduciary Funds 107

Statistical Section:

Overview and Sources 108

Table 1 - Net Position by Component 109

Table 2 - Changes in Net Position 110-113

Table 3 - Governmental Activities Tax Revenues by Source 114

Table 4 - Fund Balances of Governmental Funds 115

Table 5 - Changes in Fund Balances of Governmental Funds 116

Table 6 - General Governmental Expenditures 117

Table 7 - General Governmental Revenues 118

Table 8 - Property Tax Levies and Collections 119

Table 9 - Assessed and Estimated Value of Taxable Property 120

Table 10 - Property Tax Rates: Direct and Overlapping Governments 121

Table 11 - Principal Taxpayers 122

Table 12 - Ratios of Outstanding Debt by Type 123

Table 13 - Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita 124

Table 14 - Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures 125

Table 15 - Computation of Direct and Estimated Overlapping Governmental Activities Debt 126

Table 16 - Revenue Bond Coverage: Sanitary Sewer System Fund 127

Table 17 - Demographic Statistics 128

Table 18 - Principal Employers 129

Table 19 - Property Value and Construction 130

Table 20 - Operating Indicators by Function/Program 131

Table 21 - Capital Asset Statistics by Function/Program 132

Table 22 - Full-Time Equivalent City Employees by Function/Program 133

INTRODUCTORY SECTION

THE CITY OF KEY WEST, FLORIDA
Post Office Box 1409
Key West, FL 33041-1409
www.cityofkeywest-fl.gov

April 11, 2024

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

The Annual Comprehensive Financial Report of the City of Key West, Florida, for the fiscal year ended September 30, 2023, 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, 2023.

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 and development services, 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 $ 682,000 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 City of Key West, incorporated in 1828, 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 2023 estimated permanent population was 26,078. 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.

The City has a commission-manager form of government with six district Commissioners and one Mayor at large. The commission-manager form of government reflects the principles of representative democracy, local leadership, and community engagement by combining the expertise of elected officials with professional management to ensure efficient and effective governance. Key West's fundamental principles are transparency, accountability, and citizen participation, promoting open communication and providing opportunities for residents to voice their concerns, offer feedback, and contribute to the decision-making process.

Overall Financial Condition

The City of Key West is Florida's southernmost point, and is famous for its tropical climate, sunsets, and surrounding waters, thereby making it a tourist destination for people around the world, which is largely dependent on tourism-related revenue streams.

In fiscal year 2023, the City's revenue collections remained steady, however, there were notable decreases in several of the collections of our hospitality related sources over the prior year. With a 13% decrease in airport arrivals from 2022, parking and state sales tax revenue collections both experienced a 5% decrease, and the Tourist Development Council's (TDC) bed tax collections experienced a 13% decrease. Conversely, cruise ship revenues increased over 200%, which is evident of the return of cruise ship activities to a pre-COVID level.

Property values within the City of Key West increased 9.25% over the prior year and property tax collections increased by 10%. This increase is mainly due to the continued appreciation of property values and real estate prices within the City of Key West. The continued rising cost of property evidenced in fiscal year 2023 solidifies the need for the City to continue its efforts in affordable housing initiatives and providing for the workforce of the City of Key West.

The City remains in a strong financial position but will need to continue its efforts to find new, reoccurring sources of revenue so that it may continue to offer its residents and visitors the world-class experience that they request.

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 an 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 2023, the range is approximately $ 14,039,819 to $ 17,549,774; therefore, the current unassigned fund balance of approximately $20,890,320 was above the prescribed limits. This excess fund balance is a result of the realization of funding through the American Rescue Plan Act. The City intends to return to a fund balance level that is within policy limits in fiscal year 2024 through the allocation of funds to several infrastructure and right of way improvement projects in addition to various capital investments throughout the City.

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. All departments of the City are required to submit budgetary requests to the City Manager. These requests are used as the foundation of the development of the City's annually appropriated budgets. The City Manager will then review and present the proposed budget to the City Commission for review. The City Commission is required to hold two public hearings on the proposed budget and adopt a final budget no later than September 30th, the close of the City's fiscal year. City 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.

<u>Revenue Policy</u>

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, 2023, 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. During the development of the fiscal year 2023 budget, the increased need for external financing support to accelerate improvements to City streets and rights of way and other various City infrastructure and initiatives such as sea level rise and resiliency planning became evident. 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 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

In order to meet the service demands of both residents and visitors to the City of Key West, City staff continues to address the projects and initiatives identified to be priorities in Key West Forward, the City's Strategic Plan, and planning for the long-term needs of the community. 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 through improving services and both enhancing and preserving public facilities and infrastructure.

Projects completed or “in process” during fiscal year 2023 include the following:

- Continued Work and Focus on the Key West Forward Strategic Plan
- Sidewalk and Paving Projects
  - Completed 1st and Bertha Street improvements in partnership with Monroe County
  - Completed Whitehead and Front Street Improvements
  - Completed Southard Street Improvements
  - Continued Work on United Street Improvements
  - Continued Work on Flagler Avenue Pedestrian Improvements
  - Pearl Street Improvements
  - Caroline, Elizabeth, and Greene Street improvements
  - South Street Improvements
  - ADA Sidewalk and Ramp Improvements on Several City Streets
  - Shoulder Improvements on Several City Residential Streets
  - Completed Paving Improvements to Several City Park Parking Lots
- Continued Work on the Design of an Enhanced Bikeway Route Connectivity Along United, Elizabeth, Greene, and Caroline Streets
- Began the Planning and Design of Southernmost Point Improvements
- Began Work on the Staples Avenue Bridge Replacement
- Continued Work on the John Jones Navigation Center
- Continued Work on the Clinton Square Revitalization Project
- Continued the Planning Process for the Repair/Replace Analysis for the Marin Luther King Community Pool
- Resurfaced Bayview Park Tennis Courts
- Continued the Planning and Design Process for Bayview Park Renovations
- Began the Planning and Design Process for Fire Station 3 Renovations/Improvements
- Continued Work on the Reimagine Mallory Square Project
- Continued Planning for the Duval Street Revitalization
- Completed the Installation of Turf Fields at Clayton Sterling Baseball Complex
- Sod Replacement Installed at Poincina Field
- Began Work on Smather’s Beach Pavilion Renovations
- Completed Renovations to the Nelson English Park
- Continued the Beautification Process on the City of Key West Entry Point known as ‘The Triangle’
- Continued Supporting Affordable Housing Initiatives through Partnerships with the Key West Housing Authority, FKOC, AH Monroe, and Habitat for Humanity
- Broke Ground for the Construction of the Lofts for the Bahama Village 3.2 Acre Site
- Continued Work on the ‘Final Mile’ Project to Install Bicycle/Pedestrian Improvements at City Bus Stops
- Began Construction on the Frederick Douglass Community Center
- Continued Work on Wicker’s Sports Complex Bike Trail Realignment
- Began Work on City-Wide Wayfinding Initiative
- Continued LIDAR Collection for the City of Key West
- Began Planning Phase of Seawall Repairs at Charter Boat Row at City Marina
- Began Several Equipment Upgrades at the City of Key West’s Wastewater Treatment Plant
- Continued Work to Relocate the Influent Force Main at Fleming Key
- Began Working on a Sanitary Sewer Master Plan
- Began Planning and Design for Pump Station Upgrades Located Throughout the City
- Continued Tide Valve and Outfall Improvement Initiative
- Continued Construction of Oil and Waste Facilities at Key West Bight and Garrison Bight
- Continued 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 annual comprehensive financial report for the fiscal year ended September 30, 2022. This was the thirty-eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

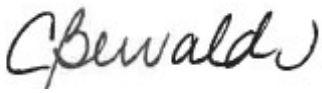
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for certification.

Acknowledgments

The preparation of this report could not have been 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.



Albert P. Childress
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, 2022

Christopher P. Morrill

Executive Director/CEO

City of Key West, Florida

List of Principal Officials

Elected Officials

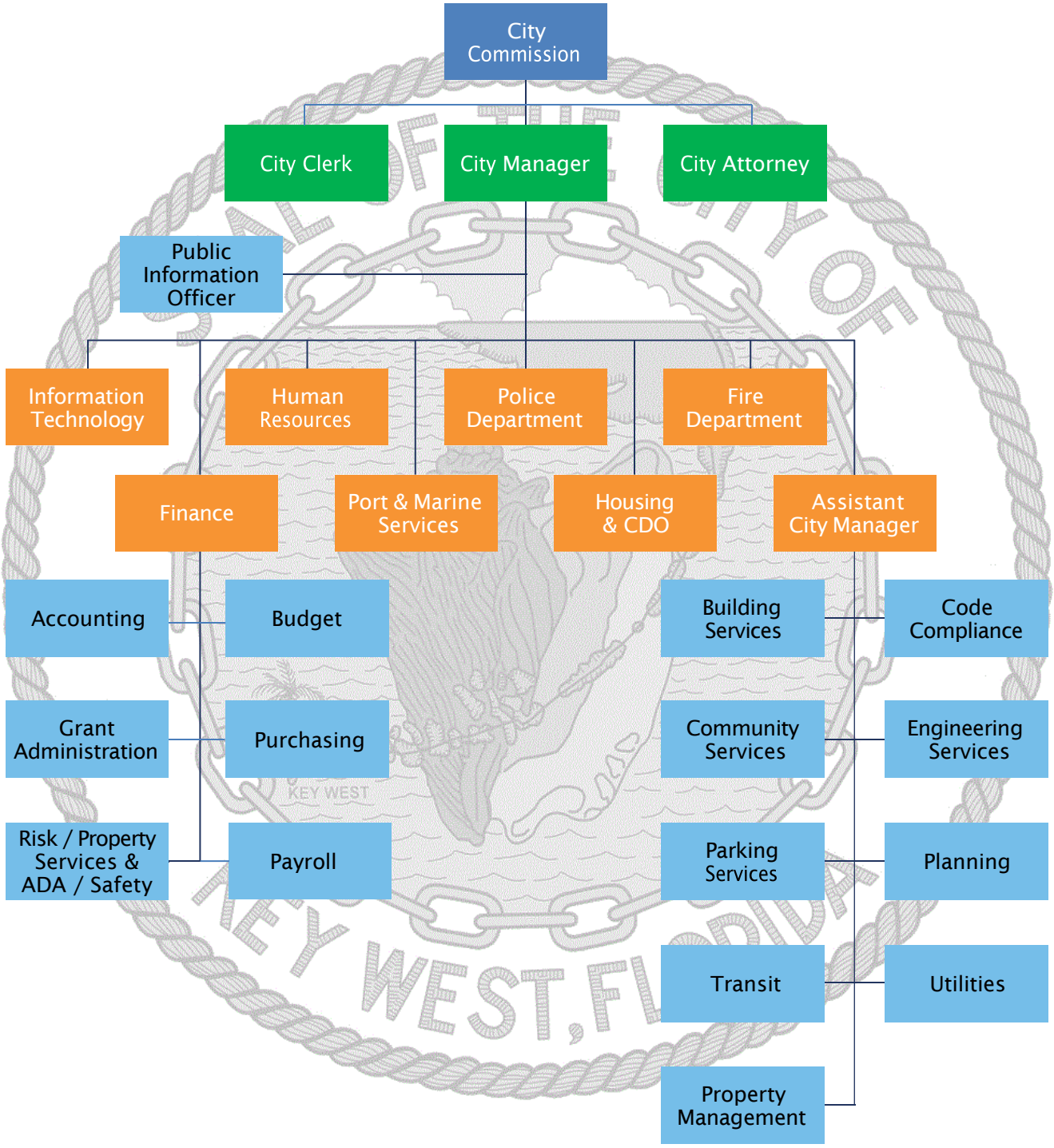
Mayor	Teri Johnston
Commissioner	Jimmy Weekley
Commissioner	Samuel Kaufman
Commissioner	Billy Wardlow
Commissioner	Lissette Carey
Commissioner	Mary Lou Hoover
Commissioner	Clayton Lopez

Appointed Officials

City Manager	Albert Childress
City Clerk	Keri O'Brien
City Attorney	Ronald Ramsingh

Department Directors

Assistant City Manager	Todd Stoughton
Building and Licensing	Raj Ramsingh
Police Chief	Sean Brandenburg
Community Services	Marcus Davila
Engineering	Gary Volenec
Finance and Budget	Christina Bervaldi
Fire Chief	Alan Averette
Human Resources	Bridget Flores
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


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

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
CPAs + 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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Pension Trust Fund for Police Officers and Firefighters, which represent 67 percent, 67 percent, and 71 percent, respectively, of the assets, net position, and total additions of the Fiduciary Funds as of September 30, 2023, 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, 2022. 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.

CPAs + 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, budgetary comparison schedules, and the schedules related to pensions and other post-employment benefits on pages 5–16, 82-83 and 84–90, 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 statement and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 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 11, 2024, 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 11, 2024

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, 2023. 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 17.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of fiscal year 2023 by $ 431,627,199 (net position), which is an increase of $ 25,631,358 compared to the prior year. Of this amount, $ 82,316,131 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 $ 63,503,865, an increase of $ 14,967,536 from the prior year. Approximately 33% of this amount ($ 20,890,320) 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 $ 21,440,756, or approximately 34% of total general fund expenditures.

- The City's total outstanding long-term debt decreased by $ 1,744,732 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 17. 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 2022-23?" 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 19 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 28 and 29. 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 $ 405,995,841 to $ 431,627,199. Governmental activities increased $ 21,214,133. Most of this increase is in the General Fund, Gas Tax Fund, and the Bahama Village and Caroline Street Corridor TIF Funds. Business type activities increased $ 4,417,225. The increases were recognized in the Sewer Fund, Solid Waste Fund, Key West Bight Fund and Garrison Bight Fund.

The change in net position over time is a good indicator of financial position.

Total net position is comprised of $ 311,340,594 net investment in capital assets, $ 37,970,474 restricted for capital projects, transportation, building, housing initiatives, and other purposes, and $ 82,316,131 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 23	FY 22	FY 23	FY 22	FY 23	FY 22
Current and other assets	$ 84,607,664	$ 86,288,350	$ 82,880,048	$ 81,579,441	$ 167,487,712	$ 167,867,791
Capital assets	179,660,485	171,523,468	140,924,778	144,080,790	320,585,263	315,604,258
Total assets	264,268,149	257,811,818	223,804,826	225,660,231	488,072,975	483,472,049
Total deferred outflows of resources	42,572,047	23,275,797	2,237,150	694,092	44,809,197	23,969,889
Current liabilities	8,955,466	18,552,238	4,406,661	4,018,410	13,362,127	22,570,648
Long-term debt and other noncurrent liabilities	47,534,351	15,027,507	8,724,793	9,694,602	56,259,144	24,722,109
Total liabilities	56,489,817	33,579,745	13,131,454	13,713,012	69,621,271	47,292,757
Total deferred inflows of resources	17,199,822	35,571,446	14,433,880	18,581,894	31,633,702	54,153,340
Net position:						
Net investment in capital assets	178,157,091	170,421,285	133,183,503	135,299,830	311,340,594	305,721,115
Restricted	37,970,474	30,954,275	-	-	37,970,474	30,954,275
Unrestricted	17,022,992	10,560,864	65,293,139	58,759,587	82,316,131	69,320,451
Total net position	$ 233,150,557	$ 211,936,424	$ 198,476,642	$ 194,059,417	$ 431,627,199	$ 405,995,841

Governmental Activities – Net Position

The $ 233,150,557 in net position of the City's governmental activities is comprised of $ 178,157,091 net investment in capital assets, $ 37,970,474 in restricted net position, and $ 17,022,992 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 largest portion of the City's governmental activities net position is represented by the net invested in capital assets (e.g., land, building, infrastructure, and equipment), totaling $ 178,157,091 or 76% of the net position. These assets are used to provide services throughout the City and are not available for future spending. The investment in capital assets increased from the previous year by $ 7,735,806. This is primarily the result of new additions and disposals netted against the current year depreciation expense of $ 7,576,761.

The restricted net position of $ 37,970,474, comprises 16% of the total governmental net position. This portion of net position is restricted to comply with the requirements of the special revenue funds or other legal requirements. This was an increase of $ 7,016,199 from the previous year. The increase is mainly attributable to an increase in the Bahama Village and Caroline Street TIF Funds which are restricted to housing initiatives and urban redevelopment. There was also an increase in the General Fund which is restricted to the Building Department.

Unrestricted net position increased by $ 6,462,128 compared to the prior fiscal year. The increase is attributed to an increase in charges for service revenues and the operating grant revenue received from the American Rescue Plan Act in the General Fund.

Business-Type Activities – Net Position

The $ 198,476,642 in net position of the City's business type activities is comprised of $ 133,183,503 net investment in capital assets and $ 65,293,139 in unrestricted net position. This is an increase of 2.3% in net position.

The net investment in capital assets decreased from the previous year by $ 2,116,327, or 1.6%. This change was the result of new additions netted against current year depreciation of $ 8,199,153 and offset by the repayment of debt. Unrestricted net position increased $ 6,533,552, or 11.12%. This increase in unrestricted net position was primarily attributable to increased revenues in the Key West Bight Fund, but also increases in the Sewer Fund, Solid Waste Fund, and Garrison Bight Fund.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22
Revenues:						
Program Revenues:						
Charges for services	$ 21,365,679	$ 18,732,473	$ 46,570,163	$ 44,760,228	$ 67,935,842	$ 63,492,701
Operating grants and contributions	15,872,588	2,712,047	3,104,240	2,623,151	18,976,828	5,335,198
Capital grants and contributions	1,100,599	360,216	168,566	1,036,918	1,269,165	1,397,134
General Revenues:						
Taxes: property and other	45,873,282	45,003,442	-	-	45,873,282	45,003,442
Intergovernmental	194,896	179,502	-	-	194,896	179,502
Investment earnings	2,405,335	308,692	2,756,307	396,090	5,161,642	704,782
Other revenues	1,258,011	5,293,137	1,492,771	784,096	2,750,782	6,077,233
Total revenues	88,070,390	72,589,509	54,092,047	49,600,483	142,162,437	122,189,992

Table 2
Changes in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 23	FY 22	FY 23	FY 22	FY 23	FY 22
Program Expenses:						
General government	22,124,150	18,582,018	-	-	22,124,150	18,582,018
Public safety	40,621,625	32,192,694	-	-	40,621,625	32,192,694
Transportation	5,144,009	5,639,908	-	-	5,144,009	5,639,908
Economic environment	2,684,822	5,744,712	-	-	2,684,822	5,744,712
Culture and recreation	4,849,714	4,377,853	-	-	4,849,714	4,377,853
Human services	978,469	795,887	-	-	978,469	795,887
Sanitary Sewer System	-	-	11,666,523	10,586,654	11,666,523	10,586,654
Solid Waste	-	-	9,058,049	8,411,433	9,058,049	8,411,433
Stormwater	-	-	3,268,974	2,999,550	3,268,974	2,999,550
Marinas (Key West and Garrison Bight)	-	-	10,137,971	10,175,880	10,137,971	10,175,880
Transit	-	-	5,996,773	4,569,808	5,996,773	4,569,808
Total expenses	76,402,789	67,333,072	40,128,290	36,743,325	116,531,079	104,076,397
Increase in net position before transfers	11,667,601	5,256,437	13,963,757	12,857,158	25,631,358	18,113,595
Transfers (net)	9,546,532	7,528,630	(9,546,532)	(7,528,630)	-	-
Changes in net position	21,214,133	12,785,067	4,417,225	5,328,528	25,631,358	18,113,595
Net Position, October 1	211,936,424	199,151,357	194,059,417	188,730,889	405,995,841	387,882,246
Net Position, September 30	$ 233,150,557	$ 211,936,424	$ 198,476,642	$ 194,059,417	$ 431,627,199	$ 405,995,841

The City's total revenues exceeded total expenditures in the current year, which resulted in an increase of $ 25,631,358 in net position for fiscal year 2023.

The City's total revenues reported are $ 142,162,437, which represents a 16.35% increase from the prior year. The total revenues in part represent $ 67,935,842 in charges for services, $ 18,976,828 in operating grants and contributions, and $ 45,873,282 in property and other taxes. Total expenses of $ 116,531,079, or an increase of 11.97% 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 $ 88,070,390 include $ 21,365,679 in fees, fines and charges for services, $ 15,872,588 in operating grants and contributions, $ 2,405,335 in investment earnings, as well as, $ 45,873,282 in property, state shared and local taxes.

For the year, the City's governmental revenues increased 21.3%, or $ 15,480,881 over fiscal year 2022.

Approximately $ 2,633,206 of the increase was fines, fees and charges for services. This increase is mainly attributable to the return of cruise ship activity within the City of Key West in a post pandemic world. In fiscal year 2022, cruise ship activity began slowly in December of 2021 and has steadily increased since that time, as evident in the approximately 201.28% increase in disembarkation fees in fiscal year 2023.

There was approximately a $ 13,160,541 increase in operating grants and contributions. The increase in operating grants and contributions revenue is mainly attributable to the receipt of approximately $ 11,500,000 from the American Rescue Plan Act which is located in the General Fund, Infrastructure Fund, Truman Waterfront Fund, Adaptation & Sustainability Fund, and the Bahama Village TIF Fund.

Investment earnings increased approximately $ 2,100,000 over fiscal year 2022. This increase is attributable to the state of the global economic recovery in 2023.

A 76.23% decrease in other revenues occurred between 2022 and 2023 due to the sale of City property in the amount of $ 3,600,000 in fiscal year 2022.

The cost of all governmental activities this year was $ 76,402,789. However, as shown in the Statement of Activities on page 18, the amount that our taxpayers ultimately financed for these activities, through City ad valorem taxes, was $ 20,079,649. This is because $ 21,365,679 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 $ 16,973,187. 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, and the program with the most significant net cost for service is Public Safety, which had a total net cost increase of $ 6,518,833, or 24.69%, mainly due to the addition of personnel and an increase in the cost of benefits and operational needs. Net Cost for governmental activities overall decreased $ 7,464,413.

Table 3
Governmental Activities

	Total Cost of Services		Net (Cost) Profit of Services	
	FY 23	FY 22	FY 23	FY 22
General government	$ 22,124,150	$ 18,582,018	$ (5,780,083)	$ (14,319,032)
Public safety	40,621,625	32,192,694	(32,923,971)	(26,405,138)
Culture and recreation	4,849,714	4,377,853	(2,026,922)	(1,640,396)
Transportation	5,144,009	5,639,908	5,058,018	2,866,685
Economic environment	2,684,822	5,744,712	(1,412,496)	(5,234,568)
Human services	978,469	795,887	(978,469)	(795,887)
Totals	$ 76,402,789	$ 67,333,072	$ (38,063,923)	$ (45,528,336)

Business-Type Activities – Changes in Net Position

Revenues of the City's business-type activities (see Table 2) increased by 9.1% ($ 49,600,483 in 2022 compared to $ 54,092,047 in 2023). This increase in revenues is mainly attributable to the 5% increase in user fees in the Solid Waste Fund which generated an additional $ 1,564,773, as well as the $ 2,360,217 increase in investment earnings accumulated in the Sewer, Solid Waste, Key West Bight, Stormwater, and Garrison Bight funds.

The cost of business-type activities increased 9.2%, for a total of $ 3,384,965. Most of this expense was realized in personnel services, which had a 35.3% increase over fiscal year 2022. This is mostly related to increased salaries and cost of benefits from the previous year.

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, 2023, the City's governmental funds reported combined fund balances of $ 63,503,865, which is an increase of $ 14,967,536 in comparison to the prior fiscal year. Fund balance across the major governmental funds increased $ 10,741,514. The nonmajor funds increased $ 4,226,022.

The General Fund is the chief operating fund of the City. As of September 30, 2023, the unassigned fund balance account in the General Fund was $ 20,890,320, an increase of $ 8,791,806, or 72.7%, from fiscal year 2022. Most of the increase was recognized as revenue from the American Rescue Plan Act, however, there were also increases in taxes, licenses and permits, and a large increase in investment earnings which offset an increase in expenditures. The unassigned fund balance amount represents approximately 33% of the 2023 General Fund budgeted expenditures, excluding capital outlay. Discussed later in the financials, this put the unassigned fund balance above the City's minimum fund balance policy of between 20% and 25% of budgeted expenditures.

Revenues in the General Fund, increased by $ 13,627,193 or 28.0%. The increase in the General Fund is mainly comprised of $ 2,100,000 in additional tax collections, resulting from the combination of a 13% increase in the City's tax base and a 10% increase to millage over the roll-back rate, a $ 1,600,000 increase in building permit fees collections, which were the result of several larger construction projects underway in the City including the Casa Marina Resort renovation, an increase in charges for service of $ 923,000 as a result of increased cruise ship activity, and an increase of $ 875,000 in investment earnings. The City also had an $ 8,200,000 increase in operating grant revenue. However, grant revenue is nonrecurring in nature and this allocation represents Federal assistance received from the American Rescue Plan Act.

Total General Fund expenditures increased 8.8% over prior year for a total of $ 5,151,555. In fiscal year 2022, the City engaged in a pay study for its employees, which resulted in an overall 10.5% increase to salary and benefits for fiscal year 2023.

Fund balance in the Community Development Office Fund decreased by $ 62,134. Revenues increased by $ 118,611 and expenditures increased by $ 85,566. The increase in revenue is a result of an increase of $ 85,569 in HOPWA grant funding and an increase of $ 22,500 in program revenue from the down-payment assistance program.

Fund balance in the Gas Tax Fund increased $ 1,311,847. The fund revenues increased by $ 710,247 and expenditures increased by $ 979,932. The increase in revenue is made up of an increased grant revenue of $ 925,000, attributable to a Florida Department of Transportation grant for the Southard Street Resurfacing and Sidewalk project, and a decrease of approximately $ 363,500 in contributions. The increase in expenditures was a result of street and sidewalk infrastructure projects.

Fund balance in the Infrastructure Surtax Fund increased $ 806,292. The revenues increased by $ 1,531,902. Tax revenue in the fund decreased $ 532,600 from the prior year, however, grant revenue increased approximately $ 1,640,000. Total expenditures increased by $ 4,722,356, which is mainly attributable to the timing of the delivery of capital equipment purchases.

The Capital Projects Fund had a decrease in fund balance of $ 208,950. The decrease is a result of work completed on the Diesel Plant stabilization project.

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 23	FY 22
Sanitary Sewer System	$ 17,353,301	$ 17,816,594
Solid Waste	11,314,287	9,676,927
Stormwater	3,300,638	2,417,492
Key West Bight	28,911,810	25,088,933
Garrison Bight	4,142,504	2,930,872
Transit System	270,599	828,769
	$ 65,293,139	$ 58,759,587

The Sanitary Sewer System Fund net position had an increase of $ 1,051,863. Net investments in capital assets increased approximately $ 1,515,000 as debt service decreased approximately $ 1,600,000 netted with capital additions, disposals, and depreciation. Unrestricted net position decreased $ 463,293 resulting from an increase in operating expenditures which outpaced the increase in operating revenues.

The Solid Waste Fund net position had an increase of $ 1,647,355. Net investments in capital assets increased approximately $ 10,000 as depreciation of existing assets exceeded the value of capital additions. Unrestricted net position increased $ 1,637,000. Charges for services revenue exceeded expenses.

The Stormwater Fund net position decreased $ 376,485. Net investment in capital assets decreased approximately $ 1,260,000 as depreciation of existing assets exceeded the value of capital additions. Unrestricted net position increased $ 883,000 from an increase in non-operating revenues.

The Key West Bight Fund net position increased $ 3,123,477. Net investment in capital assets decreased approximately $ 700,000 as disposal and depreciation expense exceeded additions. Unrestricted net position increased $ 3,822,877. Charges for services decreased approximately $ 470,000 while non-operating revenues increased approximately $ 1,100,000.

The Garrison Bight Fund net position increased $ 737,887. Restricted for capital assets decreased approximately $ 474,000 as depreciation of existing assets exceeded the value of capital additions. Unrestricted net position increased $ 1,212,000. Charges for services revenue exceeded expenses.

The Transit System Fund net position decreased $ 1,766,872. Net investment in capital assets decreased approximately $ 1,209,000 as depreciation of existing assets exceeded the value of capital additions. Unrestricted net position decreased $ 558,170. Charges for services have not exceeded expenses, however grant revenue has increased from prior year.

Fiscal Year 2022-23 General Fund Budgetary Highlights

For almost the entire fiscal year 2023, 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 $ 7,604,264. The following is a breakdown by major revenue category:

- Taxes were over budget by $ 108,802. The net positive variance is due to several items, including the State Telecommunications Tax collections being higher than budgeted, amusement revenues were higher than budgeted due to higher gross revenues for our amusement franchisee, and delinquent tax collections were lower than budgeted.

- Licenses and Permits were over budget by $ 656,637. This net positive variance reflects a decrease in Business License collections, a significant increase in Building Permit collections due to several large unanticipated building projects commencing, and an increase in HARC permit fees as a result of an increase fee structure.

- Intergovernmental were over budget by $ 5,075,391. This is primarily due to the grant revenue realized via the American Rescue Plan Act, several unbudgeted FEMA hurricane reimbursements, and increases to both municipal sharing and sales tax revenues which were conservatively budgeted for fiscal year 2023.

- Charges for Services were over budget by $ 445,839. Fire plans review revenues were higher than budgeted due to the corresponding building permit revenue and unanticipated projects, an increase in ambulance fee collections due to a higher frequency of EMS calls, and a slight increase to disembarkation revenue due to conservative estimates at budget development.

- Fines and Forfeitures were over budget by $ 245,676. This positive variance is due solely to the increase in parking citation fee revenues and can be mainly attributable to the implementation of registration holds for past due citations.

- Investment Earnings were over budget by $ 974,399. Investment revenue had a positive variance due to the higher returns experienced on investments.

- Rental Income was under budget by $ 36,600 as a result of the slight economic slowdown in sales for several of our leased properties.

- Contributions and other was over budget by $ 134,120. This positive variance is made up of unbudgeted Tree Commission Donations and Mounted Police Donations along with settlements in the amount of $ 24,180 for the Southernmost Bouy Fire and an Opioid settlement.

Total General Fund expenditures were lower than the budget by $ 1,867,695. Personnel services were under budget by $ 974,648; primarily due to the difficulty that the City is facing in filling our budgeted positions. Operating costs were under budget by $ 190,248 due to slightly higher estimates than actuals for items such as fuel, travel, and outside legal fees. Capital outlay was under budget by $ 700,299, which is due to a combination of a project to install cameras at all City parks and 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, 2023 amount to $ 320,585,263. 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 23	FY 22	FY 23	FY 22	FY 23	FY 22
Capital assets, not being depreciated:						
Land	$ 56,605,896	$ 56,605,896	$ 18,681,034	$ 18,681,034	$ 75,286,930	$ 75,286,930
Works of art	137,400	137,400	-	-	137,400	137,400
Construction in progress	8,639,920	7,449,900	16,908,984	13,626,966	25,548,904	21,076,866
Capital assets, being depreciated:						
Buildings and improvements	55,752,407	55,752,407	58,118,494	57,269,770	113,870,901	113,022,177
Machinery, equipment and furniture	33,853,698	29,695,329	20,029,316	19,617,847	53,883,014	49,313,176
Works of art	220,510	220,510	-	-	220,510	220,510
Infrastructure	108,236,163	98,865,501	188,867,549	188,948,787	297,103,712	287,814,288
Depreciation	(83,785,509)	(77,203,475)	(161,680,599)	(154,063,614)	(245,466,108)	(231,267,089)
Totals	$ 179,660,485	$ 171,523,468	$ 140,924,778	$ 144,080,790	$ 320,585,263	$ 315,604,258

This year's major additions included:

In the governmental activities, the City recognized $ 15,714,111 in capital additions. Construction in progress additions were $ 5,575,771. The Gas Tax Fund recognized approximately $ 5,871,000 for ongoing improvements to streets and sidewalks throughout the City and the Infrastructure Fund recognized $ 3,430,000 in various ongoing construction projects, including several improvements to several of our Parks & Recreation facilities. Machinery and Equipment had additions of $ 5,125,288. One of the larger projects that was completed and capitalized is the improvements to Whitehead and Front Streets in the amount of $ 3,700,000 and improvements to Clayton Sterling Baseball Complex for $ 2,400,000.

In the Business-Type Activities:

- The Sanitary Sewer Fund added $ 688,000 in capital equipment, which included vactor truck in the amount of $ 417,000. There are several large ongoing projects which increased Construction in progress by $ 3,156,000.

- The Stormwater Fund has three large ongoing projects. Construction in progress increased by $ 235,445.

- The Solid Waste Fund has three ongoing projects totaling a construction in progress increase of $ 576,300.

- The Key West Bight Fund added $ 833,700 for improvements to the 201 William Street Office and $ 162,821 in capital equipment, which included a Security Camera System for $ 90,800. Construction in progress decreased by $ 739,300 with the addition of 201 William Street Office improvements, however, there are multiple ongoing projects in the fund including the 631 Greene Street Redevelopment.

- There were no significant additions to the Transit System Fund.

- The Garrison Bight Fund had an increase of $ 45,000 to construction in progress. 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 $ 6,780,607 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 23	FY 22	FY 23	FY 22	FY 23	FY 22
Lease	$ -	$ 154,160	$ -	$ -	$ -	$ 154,160
Revenue bonds and notes	-	-	6,780,607	8,371,179	6,780,607	8,371,179
Totals	$ -	$ 154,160	$ 6,780,607	$ 8,371,179	$ 6,780,607	$ 8,525,339

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 fiscal year 2022, the local economy was thriving, and tourism related revenue collections were experiencing continued growth over the previous year, however, going into fiscal year 2023, revenues began to steady and, in some cases, decline slowly. The FY2023 budget was developed with slowing revenues and increases in labor costs, the cost of goods and services, and vendor contract pricing as the basis of the financial outlook for the City, however the City continued to have a strong financial position and remained focused on providing quality service to its residents and visitors alike.

When the City began its budget development for fiscal year 2024, local and State economies continued to remain steady and the challenge to balance its limited revenue resources and continually increasing level of service delivery costs became evident. Although property values continue to rise, tourism-related revenues have steadied slightly, and the cost of labor, goods, and services have continued to increase. In addition, the investments that are necessary for the City's infrastructure needs, affordable housing initiatives, traffic and pedestrian improvements, and resiliency efforts are continuously growing and the need for new revenue sources is apparent. The City continues to have a strong financial position; however, challenges are ahead, and the City will need to remain vigilant in its efforts to balance its revenue resources with the needs of the City.

The fiscal year 2024 General Fund budget is $ 89.9 million, which is approximately a $ 7.7 million (or 9.41%) increase from the original adopted fiscal year 2023 budget of $ 82.2 million. This increase includes a 12.12% increase in personnel services and an 8.47% increase in operating costs, and a 35.28% increase in capital outlay. Increases to personnel services are per collective bargaining agreements along with estimated increases in health insurance and pension costs. Since the pandemic, the cost for capital projects, goods, and services have been increasing steadily and are projected to continue to rise. These increases are supported through a 10.64% increase to ad valorem taxes, increases to several state of Florida revenue resources, parking citation fees, and charges for services.

The City's fiscal year 2024 City wide adopted budget is $ 252.1 million, which is approximately a $ 26.2 million increase (or 11.60%) from the original adopted fiscal year 2023 budget of $ 225.9 million. Charges for services for the City's three utilities were adjusted for fiscal year 2024 to account for increased contract pricing. Specifically, wastewater, stormwater and solid waste were adjusted 3%, 3% and 4.9%, respectively. Most city-wide commercial tenant leases have built-in fixed increases and all other marina fees were left unchanged for fiscal year 2024.

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, 2023

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
Assets:				
Cash, cash equivalents, and investments	$ 64,972,637	$ 61,635,258	$ 126,607,895	$ 6,623,868
Cash, cash equivalents, and investments (restricted)	-	579,952	579,952	1,877,621
Accounts receivable (net of allowances)	2,390,145	3,631,024	6,021,169	112,423
Lease receivables	8,017,859	13,599,340	21,617,199	-
Intergovernmental receivables	3,783,205	3,412,697	7,195,902	1,372,524
Inventories	24,905	598,221	623,126	178,669
Prepaid items and other assets	2,079,043	-	2,079,043	873,939
Internal balances	1,826,542	(1,826,542)	-	-
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	8,639,920	16,908,984	25,548,904	21,063,332
Capital assets, being depreciated:				
Buildings and improvements	55,752,407	58,118,494	113,870,901	87,602,081
Machinery, equipment and furniture	33,853,698	20,029,316	53,883,014	2,350,447
Works of art	220,510	-	220,510	-
Infrastructure	108,236,163	188,867,549	297,103,712	1,206,645
Accumulated depreciation	(83,785,509)	(161,680,599)	(245,466,108)	(42,894,512)
Other, including loans, mortgages, and other notes receivable	1,513,328	1,250,098	2,763,426	-
Total assets	264,268,149	223,804,826	488,072,975	95,530,589
Deferred Outflows of Resources:				
Deferred outflows relating to pensions	41,464,742	2,123,044	43,587,786	1,516,545
Deferred outflows relating to other post employment benefits (OPEB)	1,107,305	81,955	1,189,260	384,163
Deferred charge on refunding	-	32,151	32,151	-
Total deferred outflows of resources	42,572,047	2,237,150	44,809,197	1,900,708
Total assets and deferred outflows of resources	$ 306,840,196	$ 226,041,976	$ 532,882,172	$ 97,431,297
Liabilities:				
Accounts payable and accrued liabilities	$ 1,614,205	$ 1,269,627	$ 2,883,832	$ 3,318,939
Accrued payroll and benefits	1,811,989	247,780	2,059,769	-
Unearned revenue	3,780,349	1,806,587	5,586,936	80,976
Intergovernmental	209,335	-	209,335	115,638
Deposits	36,194	-	36,194	517,846
Contracts and retainage payable	1,503,394	992,819	2,496,213	-
Accrued interest	-	89,848	89,848	1,281,733
Noncurrent liabilities:				
Due within one year	4,948,041	2,029,750	6,977,791	1,739,333
Due in more than one year	42,586,310	6,695,043	49,281,353	57,844,725
Total liabilities	56,489,817	13,131,454	69,621,271	64,899,190
Deferred Inflows of Resources:				
Deferred inflows relating to pensions	2,834,368	477,038	3,311,406	84,820
Deferred inflows relating to lease receivables	7,936,907	13,461,542	21,398,449	-
Deferred inflows relating to other post employment benefits (OPEB)	6,428,547	495,300	6,923,847	631,908
			-	
Total deferred inflows of resources	17,199,822	14,433,880	31,633,702	716,728
Net Position:				
Net investment in capital assets	178,157,091	133,183,503	311,340,594	24,661,778
Restricted for:				
Infrastructure and capital projects	14,510,219	-	14,510,219	-
Transportation	7,483,925	-	7,483,925	-
Building Department	2,377,201	-	2,377,201	-
Natural resources	2,515,521	-	2,515,521	-
Housing initiatives and urban redevelopment	10,688,015	-	10,688,015	1,359,775
Law enforcement	395,593	-	395,593	-
Unrestricted	17,022,992	65,293,139	82,316,131	5,793,826
Total net position	233,150,557	198,476,642	431,627,199	31,815,379
Total liabilities, deferred inflows of resources and net position	$ 306,840,196	$ 226,041,976	$ 532,882,172	$ 97,431,297

City of Key West, Florida
Statement of Activities
For the Year Ended September 30, 2023

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	$ 22,123,460	$ 4,009,196	$ 12,334,871	$ -	$ (5,779,393)	$ -	$ (5,779,393)	$ -
Public safety	40,621,625	7,252,506	387,901	57,247	(32,923,971)	-	(32,923,971)	-
Transportation	5,144,009	9,158,675	-	1,043,352	5,058,018	-	5,058,018	-
Economic environment	2,684,822	42,460	1,229,866	-	(1,412,496)	-	(1,412,496)	-
Culture and recreation	4,849,714	902,842	1,919,950	-	(2,026,922)	-	(2,026,922)	-
Human services	978,469	-	-	-	(978,469)	-	(978,469)	-
Interest and other fiscal charges	690	-	-	-	(690)	-	(690)	-
Total governmental activities	76,402,789	21,365,679	15,872,588	1,100,599	(38,063,923)	-	(38,063,923)	-
Business-Type Activities:								
Sanitary Sewer System	11,666,523	12,822,786	-	21,838	-	1,178,101	1,178,101	-
Solid Waste	9,058,049	11,648,680	-	-	-	2,590,631	2,590,631	-
Key West Bight	7,604,274	14,762,424	5,498	-	-	7,163,648	7,163,648	-
Stormwater	3,268,974	2,457,052	-	146,728	-	(665,194)	(665,194)	-
Garrison Bight	2,533,697	3,330,198	15,466	-	-	811,967	811,967	-
Transit System	5,996,773	1,549,023	3,083,276	-	-	(1,364,474)	(1,364,474)	-
Total business-type activities	40,128,290	46,570,163	3,104,240	168,566	-	9,714,679	9,714,679	-
Total primary government	$ 116,531,079	$ 67,935,842	$ 18,976,828	$ 1,269,165	(38,063,923)	9,714,679	(28,349,244)	-
Component Unit:								
The Housing Authority of of the City of Key West, Florida	$ 19,195,775	$ 12,113,587	$ 10,666,468	$ 135,476				3,719,756
General revenues:								
Taxes:								
Property taxes, levied for general purposes					20,079,649	-	20,079,649	-
Communications taxes					1,519,105	-	1,519,105	-
Local business tax					856,309	-	856,309	-
Municipal revenue sharing gas and cigarette tax					2,239,854	-	2,239,854	-
One cent sales tax					12,760,943	-	12,760,943	-
Half cent sales tax					6,512,735	-	6,512,735	-
Local option gas tax					1,904,687	-	1,904,687	-
Intergovernmental income (unrestricted)					194,896	-	194,896	-
Payment in lieu of tax					696,924	-	696,924	-
Investment earnings					2,405,335	2,756,307	5,161,642	104,154
Other, including gain on sale of capital assets					561,087	1,492,771	2,053,858	874,323
Transfers in (out)					9,546,532	(9,546,532)	-	-
Total general revenues and transfers					59,278,056	(5,297,454)	53,980,602	978,477
Change in net position					21,214,133	4,417,225	25,631,358	4,698,233
Net Position, October 1					211,936,424	194,059,417	405,995,841	27,117,146
Net Position, September 30					$ 233,150,557	$ 198,476,642	$ 431,627,199	$ 31,815,379

City of Key West, Florida
Balance Sheet
Governmental Funds
September 30, 2023

	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	$ 26,560,995	$ 277,240	$ 3,836,631	$ 13,696,249	$ 415,031	$ 17,002,577	$ 61,788,723
Receivables (net of allowance for uncollectibles):							
Accounts	1,625,517	234,944	-	-	-	-	1,860,461
Intergovernmental	990,638	43,408	585,392	839,154	-	1,324,613	3,783,205
Mortgage notes	-	1,513,328	-	-	-	-	1,513,328
Interfund	-	-	1,278,380	-	-	-	1,278,380
Lease	8,017,859	-	-	-	-	-	8,017,859
Inventories	24,905	-	-	-	-	-	24,905
Advances to other funds	479,058	-	-	-	-	-	479,058
Prepaids	178,542	300	-	1,835,284	-	-	2,014,126
Total assets	$ 37,877,514	$ 2,069,220	$ 5,700,403	$ 16,370,687	$ 415,031	$ 18,327,190	$ 80,760,045
Liabilities:							
Accounts payable and accrued liabilities	$ 701,600	$ 42,141	$ 73,819	$ -	$ -	$ 788,228	$ 1,605,788
Accrued payroll and related expenditures	1,758,768	-	5,941	10,173	-	30,059	1,804,941
Interfund	389,089	-	2,037	1,042	-	10,325	402,493
Intergovernmental	72,344	136,991	-	-	-	-	209,335
Deposits	36,194	-	-	-	-	-	36,194
Unearned revenue	2,221,551	1,351,761	98,856	-	-	84,960	3,757,128
Contracts and retainage payable	179,647	-	624,644	429,000	-	270,103	1,503,394
Total liabilities	5,359,193	1,530,893	805,297	440,215	-	1,183,675	9,319,273
Deferred Inflows of Resources:							
Deferred amount on lease receivables	7,936,907	-	-	-	-	-	7,936,907
Fund Balances:							
Non-spendable:							
Inventories	24,905	-	-	-	-	-	24,905
Long-term advances/notes	479,058	-	-	-	-	-	479,058
Prepaids	178,542	300	-	1,835,284	-	-	2,014,126
Leases	80,952	-	-	-	-	-	80,952
Restricted for:							
Infrastructure and capital projects	-	-	-	14,095,188	415,031	-	14,510,219
Housing initiatives and urban redevelopment	-	161,302	-	-	-	10,526,713	10,688,015
Law enforcement	-	-	-	-	-	395,593	395,593
Building department	2,377,201	-	-	-	-	-	2,377,201
Transportation	-	-	4,895,106	-	-	2,588,819	7,483,925
Natural resources	-	-	-	-	-	2,515,521	2,515,521
Committed to:							
Art in public places	-	-	-	-	-	154,081	154,081
Truman Waterfront	-	-	-	-	-	18,841	18,841
Renewable resources	-	-	-	-	-	943,947	943,947
Housing initiatives and urban redevelopment	-	376,725	-	-	-	-	376,725
Culture and recreation	113,769	-	-	-	-	-	113,769
Assigned to:							
Subsequent year's budget	436,667	-	-	-	-	-	436,667
Unassigned	20,890,320	-	-	-	-	-	20,890,320
Total fund balances	24,581,414	538,327	4,895,106	15,930,472	415,031	17,143,515	63,503,865
Total liabilities, deferred inflows and fund balances	$ 37,877,514	$ 2,069,220	$ 5,700,403	$ 16,370,687	$ 415,031	$ 18,327,190	$ 80,760,045

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, 2023

Fund Balances - Total Governmental Funds		$ 63,503,865
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.		179,660,485
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.		985,068
Certain funds related to pension and OPEB deferred inflows/ outflows are not reported in the governmental funds.		
Deferred outflows relating to pensions	$ 41,464,742	
Deferred outflows relating to other post employment benefits (OPEB)	1,107,305	
Deferred inflows relating to pensions	(2,834,368)	
Deferred inflows relating to other post employment benefits (OPEB)	(6,428,547)	33,309,132
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	$ (34,204,965)	
Other post employment benefits (OPEB)	(4,535,545)	
Compensated absences*	(5,567,483)	(44,307,993)
Net Position of Governmental Activities		$ 233,150,557

* 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, 2023

	General Fund	Community Development Office Fund	Gas Tax Fund	Infrastructure Surtax Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	$ 20,820,143	$ -	$ 1,904,687	$ 12,760,943	$ -	$ 1,398,636	$ 36,884,409
Licenses and permits	5,550,857	-	-	-	-	-	5,550,857
Intergovernmental	20,697,625	543,345	990,458	1,692,584	-	3,048,501	26,972,513
Charges for services	10,564,455	-	-	-	-	1,661,558	12,226,013
Fines and forfeitures	1,036,676	-	-	-	-	1,916	1,038,592
Investment earnings	1,009,399	12,737	232,376	495,673	23,193	631,957	2,405,335
Rental income	2,274,065	-	-	-	-	-	2,274,065
Contributions and other	285,120	42,460	352,917	-	-	38,109	718,606
Total revenues	62,238,340	598,542	3,480,438	14,949,200	23,193	6,780,677	88,070,390
Expenditures:							
Current:							
General government	21,496,886	-	-	201,056	343,627	71,262	22,112,831
Public safety	35,597,879	-	-	13,709	-	62,187	35,673,775
Transportation	337,699	-	1,212,858	-	-	301,876	1,852,433
Economic environment	642,500	660,676	-	-	-	1,035,388	2,338,564
Culture and recreation	3,545,275	-	-	-	-	840,484	4,385,759
Human services	974,681	-	-	-	-	-	974,681
Capital outlay	1,148,754	-	4,776,097	7,640,618	-	2,126,603	15,692,072
Debt service:							
Principal	-	-	-	154,160	-	-	154,160
Interest	-	-	-	4,138	-	-	4,138
Total expenditures	63,743,674	660,676	5,988,955	8,013,681	343,627	4,437,800	83,188,413
Excess (deficiency) of revenues over expenditures	(1,505,334)	(62,134)	(2,508,517)	6,935,519	(320,434)	2,342,877	4,881,977
Other financing sources (uses):							
Transfers in	12,494,395	-	4,088,029	107,000	128,350	2,486,127	19,303,901
Transfers out	(2,094,602)	-	(267,665)	(6,236,227)	(16,866)	(602,982)	(9,218,342)
Total other financing sources (uses)	10,399,793	-	3,820,364	(6,129,227)	111,484	1,883,145	10,085,559
Net changes in fund balances	8,894,459	(62,134)	1,311,847	806,292	(208,950)	4,226,022	14,967,536
Fund balances, October 1	15,686,955	600,461	3,583,259	15,124,180	623,981	12,917,493	48,536,329
Fund balances, September 30	$ 24,581,414	$ 538,327	$ 4,895,106	$ 15,930,472	$ 415,031	$ 17,143,515	$ 63,503,865

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, 2023

Net Change in Fund Balances - Total Governmental Funds			$ 14,967,536
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	$ 15,714,111		
Less: Net book value of disposed capital assets	(333)		
Less: current year depreciation	(7,576,761)		8,137,017
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.			154,160
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	$ (6,900,347)		
Change in net pension liability	(33,347,076)		
Change in other post employment benefits (OPEB)	327,970		
Change in accrued interest	3,448		
Change in compensated absences	(401,131)		(40,317,136)
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	$ 19,477,584		
Change in deferred outflows relating to other post employment benefits (OPEB)	(181,334)		
Change in deferred inflows relating to pensions	17,469,126		
Change in deferred inflows relating to other post employment benefits (OPEB)	264,985		37,030,361
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service fund is reported with governmental funds.			1,242,195
Change in Net Position of Governmental Activities			$ 21,214,133

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, 2023

	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	$ 14,504,446	$ 11,362,236	$ 27,457,591	$ 3,708,252	$ 200	$ 4,602,533	$ 61,635,258	$ 3,183,914
Receivables, net of allowance for uncollectibles:								
Accounts	1,443,602	629,036	1,300,198	9,410	22,290	226,488	3,631,024	529,684
Intergovernmental	195,281	3,504	3,990	1,382,802	1,827,120	-	3,412,697	-
Interfund	-	-	-	-	-	-	-	471,597
Lease	-	-	3,619,611	-	-	-	3,619,611	-
Note receivable	-	-	92,164	-	-	-	92,164	-
Prepaid expenses	-	-	-	-	-	-	-	64,917
Inventories	476,546	-	66,155	17,203	38,317	-	598,221	-
	16,619,875	11,994,776	32,539,709	5,117,667	1,887,927	4,829,021	72,988,975	4,250,112
Restricted assets:								
Cash, cash equivalents and investments	469,716	110,236	-	-	-	-	579,952	-
Total current assets	17,089,591	12,105,012	32,539,709	5,117,667	1,887,927	4,829,021	73,568,927	4,250,112
Noncurrent assets:								
Lease receivable, less current portion	-	-	9,979,729	-	-	-	9,979,729	-
Note receivable, less current portion	-	-	1,157,934	-	-	-	1,157,934	-
Advances to other funds	968,008	-	-	-	-	-	968,008	-
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	10,555,339	-	12,757,622	2,781,632	58,118,494	-
Infrastructure	119,347,302	3,697	17,615,616	38,230,786	1,114,868	12,555,280	188,867,549	-
Machinery, equipment and furniture	6,078,722	474,797	1,890,226	31,925	10,811,404	742,242	20,029,316	-
Accumulated depreciation	(93,220,899)	(6,599,253)	(16,292,053)	(24,099,832)	(13,598,025)	(7,870,537)	(161,680,599)	-
Construction in progress	11,166,972	576,314	768,814	4,268,277	-	128,607	16,908,984	-
Total noncurrent assets	67,692,517	6,878,551	40,555,132	18,431,156	11,135,869	8,337,224	153,030,449	-
Total assets	84,782,108	18,983,563	73,094,841	23,548,823	13,023,796	13,166,245	226,599,376	4,250,112
Deferred Outflows of Resources:								
Deferred outflows relating to pensions	127,587	199,886	508,646	38,276	1,008,786	239,863	2,123,044	-
Deferred outflows relating to other post employment benefits (OPEB)	5,330	10,277	26,647	1,546	34,041	4,114	81,955	-
Deferred charge on refunding	32,151	-	-	-	-	-	32,151	-
Total deferred outflows of resources	165,068	210,163	535,293	39,822	1,042,827	243,977	2,237,150	-
Total assets and deferred outflows of resources	$ 84,947,176	$ 19,193,726	$ 73,630,134	$ 23,588,645	$ 14,066,623	$ 13,410,222	$ 228,836,526	$ 4,250,112

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, 2023

	Sanitary Sewer System	Solid Waste	Key West Bight	Stormwater	Transit System	Garrison Bight	Total	Governmental Activities Internal Service Fund
Liabilities:								
Current liabilities:								
Accounts payable	$ 30,132	$ 591,916	$ 96,138	$ 78,336	$ 38,161	$ 51,129	$ 885,812	$ 8,417
Accrued payroll and related expenses	15,402	24,854	48,423	5,667	118,763	34,671	247,780	7,048
Compensated absences	30,809	65,740	66,755	15,405	193,506	29,088	401,303	6,913
Accrued expenses	-	-	139,606	244,209	-	-	383,815	-
Accrued interest	89,848	-	-	-	-	-	89,848	-
Interfund	3,458	6,536	17,430	1,232	1,307,982	10,846	1,347,484	-
Contracts and retainage payable	831,155	88,809	33,597	18,604	-	20,654	992,819	-
Insurance claims payable	-	-	-	-	-	-	-	958,277
Unearned revenue	537,513	110,236	818,082	-	-	340,756	1,806,587	23,221
Revenue bonds payable	1,628,447	-	-	-	-	-	1,628,447	-
Total current liabilities	3,166,764	888,091	1,220,031	363,453	1,658,412	487,144	7,783,895	1,003,876
Noncurrent liabilities:								
Revenue bonds payable	5,152,160	-	-	-	-	-	5,152,160	-
Advances from other funds	-	-	-	1,447,066	-	-	1,447,066	-
Insurance claims payable	-	-	-	-	-	-	-	2,258,642
Customer deposits	600	-	238,318	-	2,030	261,880	502,828	-
Net pension liability	34,732	54,413	138,465	10,420	274,614	65,296	577,940	-
Other post employment benefits (OPEB) liability	15,218	5,400	53,278	28,472	176,112	37,023	315,503	-
Compensated absences	11,256	24,018	24,388	5,628	70,696	10,626	146,612	2,526
Total noncurrent liabilities	5,213,966	83,831	454,449	1,491,586	523,452	374,825	8,142,109	2,261,168
Total liabilities	8,380,730	971,922	1,674,480	1,855,039	2,181,864	861,969	15,926,004	3,265,044
Deferred Inflows of Resources:								
Deferred inflows relating to leases	-	-	13,461,542	-	-	-	13,461,542	-
Deferred inflows relating to pensions	28,668	44,913	114,290	8,600	226,670	53,897	477,038	-
Deferred inflows relating to other post employment benefits (OPEB)	39,579	72,862	84,140	11,816	251,621	35,282	495,300	-
Total deferred inflows of resources	68,247	117,775	13,659,972	20,416	478,291	89,179	14,433,880	-
Net Position:								
Net investment in capital assets	59,144,898	6,789,742	29,383,872	18,412,552	11,135,869	8,316,570	133,183,503	-
Unrestricted	17,353,301	11,314,287	28,911,810	3,300,638	270,599	4,142,504	65,293,139	985,068
Total net position	76,498,199	18,104,029	58,295,682	21,713,190	11,406,468	12,459,074	198,476,642	985,068
Total liabilities, deferred inflows of resources and net position	$ 84,947,176	$ 19,193,726	$ 73,630,134	$ 23,588,645	$ 14,066,623	$ 13,410,222	$ 228,836,526	$ 4,250,112

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, 2023

	Sanitary Sewer System	Solid Waste	Key West Bight	Stormwater	Transit System	Garrison Bight	Total	Governmental Activities Internal Service Fund
Operating Revenues:								
Charges for services	$ 12,822,786	$ 11,648,680	$ 14,762,424	$ 2,457,052	$ 1,549,023	$ 3,330,198	$ 46,570,163	$ 13,713,378
Total operating revenues	12,822,786	11,648,680	14,762,424	2,457,052	1,549,023	3,330,198	46,570,163	13,713,378
Operating Expenses:								
Personnel services	334,199	862,509	1,338,644	126,532	3,379,954	990,399	7,032,237	178,769
Other operating expenses	7,828,371	7,749,869	5,254,494	1,472,172	1,403,763	914,785	24,623,454	11,950,982
Depreciation	3,294,871	445,671	1,011,136	1,612,922	1,213,056	621,497	8,199,153	-
Total operating expenses	11,457,441	9,058,049	7,604,274	3,211,626	5,996,773	2,526,681	39,854,844	12,129,751
Operating income (loss)	1,365,345	2,590,631	7,158,150	(754,574)	(4,447,750)	803,517	6,715,319	1,583,627
Nonoperating Revenues (Expenses):								
Grant income (operating)	-	-	5,498	-	3,083,276	15,466	3,104,240	-
Investment earnings (loss)	680,047	528,918	1,181,337	201,478	(28,380)	192,907	2,756,307	138,967
Other income	69,229	276,357	507,887	337,396	50,135	251,767	1,492,771	58,628
Gain (loss) on disposition of capital assets	(8,447)	-	-	-	-	(7,016)	(15,463)	-
Interest expense and other fiscal charges	(200,635)	-	-	(57,348)	-	-	(257,983)	-
Net nonoperating revenues (expenses)	540,194	805,275	1,694,722	481,526	3,105,031	453,124	7,079,872	197,595
Income (loss) before transfers	1,905,539	3,395,906	8,852,872	(273,048)	(1,342,719)	1,256,641	13,795,191	1,781,222
Transfers and Other:								
Capital contributions (grants)	21,838	-	-	146,728	-	-	168,566	-
Transfers in	-	-	582	-	78,772	-	79,354	-
Transfers out	(875,514)	(1,748,551)	(5,729,977)	(250,165)	(502,925)	(518,754)	(9,625,886)	(539,027)
Total transfers and other	(853,676)	(1,748,551)	(5,729,395)	(103,437)	(424,153)	(518,754)	(9,377,966)	(539,027)
Changes in net position	1,051,863	1,647,355	3,123,477	(376,485)	(1,766,872)	737,887	4,417,225	1,242,195
Net Position, October 1	75,446,336	16,456,674	55,172,205	22,089,675	13,173,340	11,721,187	194,059,417	(257,127)
Net Position, September 30	$ 76,498,199	$ 18,104,029	$ 58,295,682	$ 21,713,190	$ 11,406,468	$ 12,459,074	$ 198,476,642	$ 985,068

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, 2023

	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	$ 12,399,688	$ 11,397,492	$ 14,865,168	$ 2,451,382	$ 1,555,184	$ 3,346,527	$ 46,015,441	$ -
Cash received from interfund charges	-	-	-	-	-	-	-	13,434,869
Cash paid to suppliers	(7,862,696)	(8,028,082)	(5,470,860)	(1,177,638)	(548,170)	(900,398)	(23,987,844)	(12,565,515)
Cash paid to employees	(333,383)	(862,938)	(1,369,827)	(129,479)	(3,391,260)	(1,003,545)	(7,090,432)	(179,559)
Other receipts	69,229	276,357	507,887	337,396	50,135	251,767	1,492,771	58,628
Net cash provided by (used in) operating activities	4,272,838	2,782,829	8,532,368	1,481,661	(2,334,111)	1,694,351	16,429,936	748,423
Cash Flows from Noncapital Financing Activities:								
Proceeds from grants (operating purposes)	-	841	5,498	-	2,790,007	15,466	2,811,812	-
Repayments received on advances to other funds	120,224	-	-	-	-	-	120,224	-
Repayments made on advances from other funds	-	-	-	(283,178)	-	-	(283,178)	-
Interest paid on advances from other funds	-	-	-	(57,348)	-	-	(57,348)	-
Transfers in	-	-	582	-	78,772	-	79,354	-
Transfers (out)	(875,514)	(1,748,551)	(5,729,977)	(250,165)	(502,925)	(518,754)	(9,625,886)	(539,027)
Net cash provided by (used in) noncapital financing activities	(755,290)	(1,747,710)	(5,723,897)	(590,691)	2,365,854	(503,288)	(6,955,022)	(539,027)
Cash Flows from Capital and Related Financing Activities:								
Proceeds from capital contributions	-	-	(3,990)	-	-	-	(3,990)	-
Acquisition and construction of capital assets, net	(3,248,842)	(456,177)	(311,736)	(353,291)	(4,354)	(154,768)	(4,529,168)	-
Lease payments received, net	-	-	(69,515)	-	-	-	(69,515)	-
Principal paid on revenue bonds	(1,590,572)	-	-	-	-	-	(1,590,572)	-
Interest paid and other fiscal charges	(200,770)	-	-	-	-	-	(200,770)	-
Repayments and payments on notes	-	-	102,764	-	-	-	102,764	-
Net cash provided by (used in) capital and related financing activities	(5,040,184)	(456,177)	(282,477)	(353,291)	(4,354)	(154,768)	(6,291,251)	-
Cash Flows from Investing Activities:								
Investment earnings (loss)	680,047	528,918	1,181,337	201,478	(28,380)	192,907	2,756,307	138,967
Net cash provided by (used in) investing activities	680,047	528,918	1,181,337	201,478	(28,380)	192,907	2,756,307	138,967
Net increase (decrease) in cash, cash equivalents and investments	(842,589)	1,107,860	3,707,331	739,157	(991)	1,229,202	5,939,970	348,363
Cash, Cash Equivalents and Investments, October 1	15,816,751	10,364,612	23,750,260	2,969,095	1,191	3,373,331	56,275,240	2,835,551
Cash, Cash Equivalents and Investments, September 30	$ 14,974,162	$ 11,472,472	$ 27,457,591	$ 3,708,252	$ 200	$ 4,602,533	$ 62,215,210	$ 3,183,914
Reconciliation to Statement of Net Position:								
Cash, cash equivalents and investments	$ 14,504,446	$ 11,362,236	$ 27,457,591	$ 3,708,252	$ 200	$ 4,602,533	$ 61,635,258	$ 3,183,914
Restricted cash, cash equivalents and investments	469,716	110,236	-	-	-	-	579,952	-
Cash, cash equivalents and investments	$ 14,974,162	$ 11,472,472	$ 27,457,591	$ 3,708,252	$ 200	$ 4,602,533	$ 62,215,210	$ 3,183,914

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, 2023

	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)	$ 1,365,345	$ 2,590,631	$ 7,158,150	$ (754,574)	$ (4,447,750)	$ 803,517	$ 6,715,319	$ 1,583,627
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Other nonoperating revenues	69,229	276,357	507,887	337,396	50,135	251,767	1,492,771	58,628
Depreciation	3,294,871	445,671	1,011,136	1,612,922	1,213,056	621,497	8,199,153	-
Decrease (increase) in assets:								
Accounts receivables, net	(536,623)	(111,176)	(165,686)	(5,670)	6,161	(9,364)	(822,358)	140,617
Interfund receivables, net	-	-	-	-	-	-	-	(294,324)
Prepaid expenses	-	-	40,292	-	3,990	10,899	55,181	-
Inventories	24,533	-	40,733	1,710	12,673	-	79,649	-
Net pension asset	137,933	216,096	549,894	41,380	1,090,593	259,316	2,295,212	-
Deferred outflows relating to pensions	(94,826)	(148,560)	(378,038)	(28,448)	(749,755)	(178,272)	(1,577,899)	-
Deferred outflows relating to other post employment benefits (OPEB)	840	1,601	1,777	293	8,180	1,210	13,901	-
Increase (decrease) in liabilities:								
Accounts payable	(61,105)	(282,327)	(258,392)	47,793	(40,310)	(3,013)	(597,354)	2,855
Accrued payroll and related expenses	3,037	(754)	3,146	(515)	17,391	3,066	25,371	438
Accrued expenses	-	-	(50,356)	244,209	-	-	193,853	-
Interfund payable, net	2,247	4,114	11,357	822	879,240	6,501	904,281	-
Insurance claims payable	-	-	-	-	-	-	-	(758,005)
Unearned revenue	113,525	(140,012)	267,937	-	-	16,059	257,509	15,815
Customer deposits	-	-	493	-	-	9,634	10,127	-
Net pension liability	34,732	54,413	138,465	10,420	274,614	65,296	577,940	-
Other post employment benefits (OPEB) liability	(1,970)	(699)	(13,000)	(3,686)	5,125	(9,034)	(23,264)	-
Compensated absences	6,738	12,105	5,809	3,370	22,149	5,789	55,960	(1,228)
Deferred inflows relating to pensions	(84,441)	(132,292)	(336,640)	(25,333)	(667,649)	(158,748)	(1,405,103)	-
Deferred inflows relating to other post employment benefits (OPEB)	(1,227)	(2,339)	(2,596)	(428)	(11,954)	(1,769)	(20,313)	-
Total adjustments	2,907,493	192,198	1,374,218	2,236,235	2,113,639	890,834	9,714,617	(835,204)
Net cash provided by (used in) operating activities	$ 4,272,838	$ 2,782,829	$ 8,532,368	$ 1,481,661	$ (2,334,111)	$ 1,694,351	$ 16,429,936	$ 748,423

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, 2023

Assets:	
Cash and cash equivalents	$ 6,471,454
Investments, at fair value:	
Equity securities	116,726,604
Corporate and foreign bonds and bond funds	16,854,942
Fixed income fund	6,294,949
Alternative investments	21,015,450
U.S. government securities	19,656,393
Collateralized mortgage obligations	5,040,526
Municipal obligations	645,550
Real estate	7,560,000
Receivables:	
Interest and dividends	431,571
Proceeds from securities sold	410,219
Other	289,303
Total assets	201,396,961
Liabilities:	
Accounts payable and accrued expenses	172,192
Payable for securities purchased	554,005
Total liabilities	726,197
Deferred inflows of resources:	
Advanced contribution	436,628
Net Position:	
Restricted for pension benefits	$ 200,234,136

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, 2023

Additions:		
Contributions:		
Employer	$	5,765,077
Members		2,313,338
State police and fire		1,067,851
Total contributions		9,146,266
Investment earnings:		
Net appreciation in fair value of investments		14,396,764
Interest, dividends and other investment earnings		5,791,610
Total investment earnings		20,188,374
Less: Investment expenses		855,141
Net investment earnings		19,333,233
Total additions		28,479,499
Deductions:		
Benefits paid		12,184,429
Administrative expenses		351,920
Total deductions		12,536,349
Changes in net position		15,943,150
Net Position, October 1		184,290,986
Net Position, September 30	$	200,234,136

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 $ 682,000 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, 2022 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, 2023, the City received payment of approximately $ 598,000. 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 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, 2023, the City did not adopt a budget for the Navy Pier Payments Fund and the Community Development Office 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.

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.

A deferred inflow of resources is 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.

1. Summary of Significant Accounting Policies (continued)

I. Inventories

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

J. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets 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.

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.

1. Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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.

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.

1. Summary of Significant Accounting Policies (continued)

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

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

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.

1. Summary of Significant Accounting Policies (continued)

> 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 2023, the minimum fund balance required by the City Commission at the close of the fiscal year ranges from approximately $ 14,000,000 to $ 17,500,000; therefore, unassigned fund balance is above the prescribed limits.

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 11, 2024, 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.

2. Deposits and Investments (continued)

At September 30, 2023, the carrying amount of the City's deposits was approximately $ 31,655,000, with a bank balance of approximately $ 31,735,000. Included in the carrying amount of deposits was approximately $ 3,500 cash on hand.

B. Investments

As of September 30, 2023, 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	$ 31,655,438	$ 23,535	$ 94,928,922	$ 126,607,895
Restricted cash, cash equivalents, and investments	-	-	579,952	579,952
	$ 31,655,438	$ 23,535	$ 95,508,874	$ 127,187,847

As of September 30, 2023, 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	$ 2,132,870	$ 2,132,870	$ -	AAA
Money Market Mutual Funds	23,535	23,535	-	Not rated
Florida Fixed Income Trust	36,831,273	36,831,273	-	AAAf*
Florida Public Assets for Liquidity Management	7,806,814	7,806,814	-	AAAm
State Investment Pool: Florida Prime	48,737,917	48,737,917	-	AAAm
	$ 95,532,409	$ 95,532,409	$ -	

* Includes $ 5,548,132 which is not rated, consisting of overnight and term FDIC insured deposits and qualified public depositories as defined in FL State Statutes, CH280.

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.

2. Deposits and Investments (continued)

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, 2023, 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, 2023 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, 2023, the City's portfolio rating is in compliance with its investment policy.

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:

2. Deposits and Investments (continued)

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, 2023, 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, 2023, 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, 2023, the City's pension plans had the following investments:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan
Equity Securities	$ 38,862,794	$ 77,863,810
Corporate and Foreign Bonds and Bond Funds	5,441,469	11,413,473
Fixed Income Fund	-	6,294,949
Alternative Investments	12,246,524	8,768,926
U.S. Government Securities	3,012,180	16,644,213
Collateralized Mortgage Obligations	5,040,526	-
Municipal Obligations	645,550	-
Real Estate	-	7,560,000
	$ 65,249,043	$ 128,545,371

As of September 30, 2023, 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	$ 3,012,180	$ -	$ 1,006,386	$ 886,527	$ 1,119,267	AA+
Collateralized Mortgage Obligations	5,040,526	-	982,382	646,252	3,411,892	BBB- through A**
Corporate and Foreign Bonds and Bond Funds	5,441,469	3,560,618	542,571	516,881	821,399	AA+ through BBB-***
Municipal Obligations	645,550	-	49,276	54,179	542,095	AAA through AA-*
	$ 14,139,725	$ 3,560,618	$ 2,580,615	$ 2,103,839	$ 5,894,653	

* Includes $ 101,565 which is not rated.
** Includes $ 3,025,969 of investments that are not rated.
*** Includes $ 4,117,919 which is not rated .

The General Employees Pension Plan includes $ 762,206 (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	$ 16,644,213	$ 1,547,800	$ 3,247,484	$ 1,165,727	$ 10,683,202	AAA through B-*
Corporate and Foreign Bonds and Bond Funds	11,413,473	59,168	4,068,344	6,384,590	901,371	AAA through B-
Fixed Income Fund	6,294,949	-	2,377,675	1,841,346	2,075,928	AAA through B-
	$ 34,352,635	$ 1,606,968	$ 9,693,503	$ 9,391,663	$ 13,660,501	

* Includes $ 5,985,739 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, 2023, the General Employees Retirement Plan had investments with both American Core Realty Fund, LLC and American Strat Value Realty Fund, LLC amounting to approximately 18.77% or $ 12,247,000 of the total Plan's investment . At September 30, 2023, the Police Officers and Firefighters Retirement Plan had investments with American Funds Europacific Growth Fund, WCM Focused International Growth Institutional Fund, Winslow Large Cap Growth Fund, JPM Infrastructure and the investment in the Simonton Center, LLC amounting to approximately 5.5%, 6.6%, 8.9%, 6.5% 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, 2023, the General Employees Retirement Plan was not directly exposed to foreign credit risk. At September 30, 2023, 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, 2023 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	$ 2,132,870	$ 2,132,870	$ -	$ -	$ -
Florida Fixed Income Trust	36,831,273	-	-	-	36,831,273
Total Investments Measured at Fair Value	38,964,143	2,132,870	-	-	36,831,273
Cash Equivalents	23,535	23,535	-	-	-
Total Investments and Cash Equivalents Measured at Fair Value	38,987,678	$ 2,156,405	$ -	$ -	$ 36,831,273
Investments Not Measured at Fair Value:					
Florida PRIME	48,737,917				
Florida Public Assets for Liquidity Management	7,806,814				
	$ 95,532,409				

Additional information for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2023, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Florida Fixed Income Trust (1)	$ 36,831,273	$ -	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	$ 3,012,180	$ -	$ 3,012,180	$ -	$ -
Corporate and Foreign Bonds and Bond Funds	5,441,469	3,560,618	1,880,851	-	-
Collateralized Mortgage Obligations	5,040,526	-	5,040,526	-	-
Municipal Obligations	645,550	-	645,550	-	-
Equity Securities	38,862,794	35,764,990	3,097,804	-	-
Alternative Investments	12,246,524	-	-	-	12,246,524
Total Investments Measured at Fair Value	65,249,043	39,325,608	13,676,911	-	12,246,524
Cash Equivalents	762,206	762,206	-	-	-
Total Investments and Cash Equivalents Measured at Fair Value	$ 66,011,249	$ 40,087,814	$ 13,676,911	$ -	$ 12,246,524

Additional information for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2023, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments (1)	$ 12,246,524	$ -	Quarterly	10-30 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	$ 16,644,213	$ 5,293,775	$ 11,350,438	$ -	$ -
Corporate and Foreign Bonds and Bond Funds	11,413,473	-	11,413,473	-	-
Equity Securities	77,863,810	77,863,810	-	-	-
Fixed Income Fund	6,294,949	6,294,949	-	-	-
Real Estate	7,560,000	-	-	7,560,000	-
Alternative Investments	8,768,926	-	-	-	8,768,926
Total Investments Measured at Fair Value	128,545,371	89,452,534	22,763,911	7,560,000	8,768,926
Cash Equivalents	5,709,248	5,709,248	-	-	-
Total Investments and Cash Equivalents Measured at Fair Value	$ 134,254,619	$ 95,161,782	$ 22,763,911	$ 7,560,000	$ 8,768,926

Additional information for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2023, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments (1)	$ 8,768,926	$ -	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, 2022, the Authority's book balance of cash was $ 8,501,489 and the bank balance was $ 8,820,438.

As of December 31, 2022, cash is reported as follows:

Cash - unrestricted	$ 6,623,868
Cash - restricted	1,877,621
Total	$ 8,501,489

2. Deposits and Investments (continued)

In addition, the component unit's pension plan deposits amounting to $ 227,056 ($ 227,056 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, 2022, the Plan had the following investments:

Equity Mutual Funds:		
Vanguard 500 Index Fund*(1)	$	1,650,226
Vanguard Total International Stock Index*		499,896
Vanguard Dividend Growth Fund*(1)		3,403,097
Vanguard Small Cap Index*(1)		1,193,193
Fixed Income Mutual Funds:		
PIMCO Investment Fund**(1)		655,210
PIMCO Investment Grade Corporate***		532,385
Dodge & Cox Income Fund**(1)		701,631
Absolute Return Funds:		
Columbia Adaptive Risk Allocation Fund*(1)		2,576,030
Money Market:		
Goldman Sachs Fin Sq Tr*(1)		1,710,785
	$	12,922,453

* 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, 2022.

3. Receivables

Receivables at September 30, 2023 consist of the following:

Receivable Type:	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Fiduciary	Total
Interest and dividends	$ -	$ -	$ -	$ -	$ -	$ 431,571	$ 431,571
Accounts	1,625,517	234,944	-	3,673,123	529,684	-	6,063,268
Mortgages	-	2,630,146	-	-	-	-	2,630,146
Intergovernmental	990,638	1,953,413	839,154	3,412,697	-	289,303	7,485,205
Lease	8,017,859	-	-	13,599,340	-	-	21,617,199
Note	-	-	-	125,098	-	-	125,098
Proceeds from securities sold	-	-	-	-	-	410,219	410,219
Gross receivables	10,634,014	4,818,503	839,154	20,810,258	529,684	1,131,093	38,762,706
Less allowance for uncollectible	-	1,116,818	-	42,099	-	-	1,158,917
Net receivables	$ 10,634,014	$ 3,701,685	$ 839,154	$ 20,768,159	$ 529,684	$ 1,131,093	$ 37,603,789

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, 2023, was 2.08220 per $ 1,000 of assessed taxable property value. The final taxable value amounted to $ 9,313,959,702. 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, 2023, 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	370,948
Mayor's Revolving Loan Fund (low interest)	25,563
Gross mortgages receivable	2,630,146
Less allowance for uncollectible mortgages	1,116,818
Net mortgages receivable	$ 1,513,328

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% (6.89% at September 30, 2023) until the note matures in August 2034. At September 30, 2023, the balance of this note receivable was approximately $ 1,205,000. The second note bears interest at the current rate as determined by the 1-year LIBOR plus 1% (6.89% at September 30, 2023) until the note matures in September 2026. At September 30, 2023, the balance of the second note receivable was approximately $ 45,000. 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 $ 112,423 net of allowance for uncollectibles of $ 35,931. Intergovernmental receivables represent amounts due from the federal and other governments of $ 1,372,524. No allowance for uncollectibles was deemed necessary by management.

4. Capital Assets

Capital asset activity for fiscal year ended September 30, 2023 is as follows:

	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 56,605,896	$ -	$ -	$ 56,605,896
Works of art	137,400	-	-	137,400
Construction in progress	7,449,900	5,575,771	(4,385,751)	8,639,920
Total capital assets, not being depreciated	64,193,196	5,575,771	(4,385,751)	65,383,216
Capital assets, being depreciated:				
Buildings and improvements	55,752,407	-	-	55,752,407
Machinery, equipment and furniture	29,695,329	5,125,288	(966,919)	33,853,698
Works of art	220,510	-	-	220,510
Infrastructure	98,865,501	5,013,052	4,357,610	108,236,163
Total capital assets, being depreciated	184,533,747	10,138,340	3,390,691	198,062,778
Less accumulated depreciation for:				
Buildings and improvements	13,838,261	1,548,892	-	15,387,153
Machinery, equipment and furniture	22,798,341	2,824,972	(966,586)	24,656,727
Works of art	46,493	20,156	23,077	89,726
Infrastructure	40,520,380	3,182,741	(51,218)	43,651,903
Total accumulated depreciation	77,203,475	7,576,761	(994,727)	83,785,509
Total capital assets, being depreciated, net	107,330,272	2,561,579	4,385,418	114,277,269
Governmental activities capital assets, net	$ 171,523,468	$ 8,137,350	$ (333)	$ 179,660,485

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	13,626,966	4,436,650	(1,154,632)	16,908,984
Total capital assets, not being depreciated	32,308,000	4,436,650	(1,154,632)	35,590,018
Capital assets, being depreciated:				
Buildings and improvements	57,269,770	883,724	(35,000)	58,118,494
Machinery, equipment and furniture	19,617,847	1,012,862	(601,393)	20,029,316
Infrastructure	188,948,787	-	(81,238)	188,867,549
Total capital assets, being depreciated	265,836,404	1,896,586	(717,631)	267,015,359
Less accumulated depreciation for:				
Buildings and improvements	39,872,944	1,257,632	(35,000)	41,095,576
Machinery, equipment and furniture	13,159,496	1,349,086	(472,233)	14,036,349
Infrastructure	101,031,174	5,592,435	(74,935)	106,548,674
Total accumulated depreciation	154,063,614	8,199,153	(582,168)	161,680,599
Total capital assets, being depreciated, net	111,772,790	(6,302,567)	(135,463)	105,334,760
Business-type activities capital assets, net	$ 144,080,790	$ (1,865,917)	$ (1,290,095)	$ 140,924,778

For the year ended September 30, 2023, depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Transportation	$ 3,303,468
General government	2,807,190
Public safety	653,875
Economic environment	346,258
Culture and recreation	462,182
Human services	3,788
Total depreciation expense - governmental activities	$ 7,576,761

4. Capital Assets (continued)

Business-type activities:		
Sanitary sewer system	$	3,294,871
Solid waste		445,671
Key West bight		1,011,136
Stormwater		1,612,922
Transit system		1,213,056
Garrison bight		621,497
Total depreciation expense - business-type activities	$	8,199,153

Component Unit:

The following summarizes capital assets from The Housing Authority of the City of Key West, Florida's proprietary fund at December 31, 2022:

Buildings and improvements	$	87,602,081
Machinery, equipment, and furniture		2,350,447
Infrastructure		1,206,645
		91,159,173
Less accumulated depreciation		42,894,512
		48,264,661
Land		15,163,552
Construction in progress		21,063,332
Net capital assets	$	84,491,545

Total depreciation expense for the year ended December 31, 2022 amounted to approximately $ 2,124,000. 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 $ 469,716 related to impact fees usage restrictions. The Solid Waste Fund has restricted assets of $ 110,236 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, 2023 was $ 880,356.

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 must be legal residents of the City, and one is elected by the other four trustees and need not be a resident of the City.

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, 2023 was $ 18,679,802.

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 $ 1,067,851 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, 2022 was as follows:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan
Active employees	258	172
Inactive employees:		
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	192	165
Total	450	337

Net Pension Liability:

The City's net pension liability was determined based on a measurement date of September 30, 2022 for both plans.

6. Pension Plans (continued)

The components of the net pension liability of the City at September 30, 2023, were as follows:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
Total pension liability	$ 64,334,627	$ 154,739,264	$ 219,073,891
Plan fiduciary net position	(62,019,161)	(122,271,825)	(184,290,986)
Net pension liability	$ 2,315,466	$ 32,467,439	$ 34,782,905
Plan fiduciary net position as a percentage of the total pension liability	96.40%	79.02%	84.12%

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

Actuarial Assumptions - The total pension (asset) liability at September 30, 2022 was determined by using actuarial valuations as of October 1, 2021, with update procedures used to roll forward the total pension (asset) liability to September 30, 2022. 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	7.25%, net of investment expenses
Mortality	PUB-2010 Mortality Tables for male and female, as appropriate.

	Police Officers and Firefighters Retirement Plan
Inflation	3.00%
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, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.37% for GERP and 12.17% 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 7.25% 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, 2021, Measurement Date	$ 63,060,276	$ 72,255,835	$ (9,195,559)
Changes for the year:			
Service cost	1,662,246	-	1,662,246
Interest	4,292,899	-	4,292,899
Differences between expected and actual experience	(1,656,647)	-	(1,656,647)
Assumption changes	617,915	-	617,915
Contributions - Employer	-	1,133,833	(1,133,833)
Contributions - Employee	-	928,271	(928,271)
Net investment income	-	(8,497,967)	8,497,967
Benefit payments	(3,642,062)	(3,642,062)	-
Administrative expenses	-	(158,749)	158,749
Net changes	1,274,351	(10,236,674)	11,511,025
Balances, as of September 30, 2022, Measurement Date	$ 64,334,627	$ 62,019,161	$ 2,315,466

Police Officers and Firefighters Retirement Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances, as of September 30, 2021, Measurement Date	$ 147,499,966	$ 146,642,077	$ 857,889
Changes for the year:			
Service cost	3,234,880	-	3,234,880
Interest	10,332,322	-	10,332,322
Differences between expected and actual experience	67,397	-	67,397
Assumption changes	-	-	-
Contributions - Employer	-	3,975,506	(3,975,506)
Contributions - State	-	622,885	(622,885)
Contributions - Employee	-	1,132,131	(1,132,131)
Net investment income	-	(23,536,988)	23,536,988
Benefit payments	(6,395,301)	(6,395,301)	-
Administrative expenses	-	(168,485)	168,485
Net changes	7,239,298	(24,370,252)	31,609,550
Balances, as of September 30, 2022, Measurement Date	$ 154,739,264	$ 122,271,825	$ 32,467,439

6. Pension Plans (continued)

The net pension liability 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, 2023, it is distributed 73% to governmental activities and 27% 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 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
General Employees Retirement Plan:			
Net Pension (Asset) Liability	$ 9,327,819	$ 2,315,466	$ (3,598,059)

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Police Officers and Firefighters Retirement Plan:			
Net Pension Liability	$ 48,302,572	$ 32,467,439	$ 19,320,064

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

For the year ended September 30, 2023, the City recognized pension expense in GERP and PRFP of $ 823,085 and $ 9,200,706, respectively, aggregating to $ 10,023,791. At September 30, 2023, 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	$ 1,263,192	$ -
Differences between expected and actual experience	85,044	1,722,138
Changes of assumptions or other inputs	959,181	189,072
Net difference between projected and actual earnings on pension plan investments	6,198,369	-
Total	$ 8,505,786	$ 1,911,210

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	$ 5,569,736	$ -
Net difference between projected and actual earnings on pension plan investments	17,422,076	-
Changes of assumptions or other inputs	9,914,927	-
Differences between expected and actual experience	2,175,261	1,400,196
Total	$ 35,082,000	$ 1,400,196
Total Pension Trust Funds	$ 43,587,786	$ 3,311,406

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
2024	$ 1,079,207	$ 7,067,797	$ 8,147,004
2025	579,603	5,169,211	5,748,814
2026	937,875	5,612,745	6,550,620
2027	2,734,699	8,717,426	11,452,125
2028	-	1,535,259	1,535,259
Thereafter	-	9,630	9,630
Total	$ 5,331,384	$ 28,112,068	$ 33,443,452

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, 2023 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	$ 762,206	$ 5,709,248	$ 6,471,454
Investments, at fair value	65,249,043	128,545,371	193,794,414
Other	73,085	1,058,008	1,131,093
Total assets	66,084,334	135,312,627	201,396,961

6. Pension Plans (continued)

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
Liabilities:			
Accounts payable and accrued expenses	64,914	107,278	172,192
Payable for securities purchased	8,498	545,507	554,005
Total liabilities	73,412	652,785	726,197
Deferred inflows of resources:			
Advanced contribution	-	436,628	436,628
Net position restricted for pension benefits	$ 66,010,922	$ 134,223,214	$ 200,234,136

Condensed Statements of Changes in Net Position:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
Additions:			
Contributions	$ 2,328,624	$ 6,817,642	$ 9,146,266
Net investment earnings	5,879,721	13,453,512	19,333,233
Total additions	8,208,345	20,271,154	28,479,499
Deductions:			
Benefits paid	4,060,304	8,124,125	12,184,429
Administrative expenses	156,280	195,640	351,920
Total deductions	4,216,584	8,319,765	12,536,349
Changes in net position	$ 3,991,761	$ 11,951,389	$ 15,943,150

B. <u>Component Unit:</u>

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, 2022 was $ 1,742,968.

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 14.1% for the year ended December 31, 2022.

Plan membership data at January 1, 2022 was as follows:

Active employees, including DROP participants	62
Inactive employees:	
Retirees and beneficiaries currently employees entitled to benefits but not yet receiving them	68
Total	130

6. Pension Plans (continued)

Net Pension Liability (Asset):

The Authority's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 updated to December 31, 2022.

The components of the net pension liability of the Authority at December 31, 2022, were as follows:

	Pension Plan
Total pension liability	$ 15,601,625
Plan fiduciary net position	(13,130,501)
Net pension liability	$ 2,471,124
Plan fiduciary net position as a percentage of the total pension liability	84.16%

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	45%	4.10%
International equity	10%	4.64%
Real Estate	10%	3.54%
Fixed income	15%	1.05%
Absolute return	20%	3.04%
	100%	

6. Pension Plans (continued)

Rate of Return: For the year ended December 31, 2022, the money-weighted rate of return, net of investment expenses and adjusted for the changing amounts actually invested, for the Pension Plan was (13.2%).

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, 2021	$ 14,731,687	$ 15,495,154	$ (763,467)
Changes for the year:			
Service cost	348,643	-	348,643
Interest	992,467	-	992,467
Difference between expected and actual experience	270,823	-	270,823
Changes in assumptions	(12,243)	-	(12,243)
Contributions - employer	-	474,797	(474,797)
Net investment income	-	(2,031,975)	2,031,975
Benefit payments, including refunds of employee contributions	(729,752)	(729,752)	-
Administrative expenses	-	(77,723)	77,723
Net changes	869,938	(2,364,653)	3,234,591
Balance, as of December 31, 2022	$ 15,601,625	$ 13,130,501	$ 2,471,124

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability 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	$ 4,165,065	$ 2,471,124	$ 1,071,569

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, 2022, the Authority recognized pension expense of $ 788,680. At December 31, 2022, 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	$ 244,698	$ 84,820
Changes of assumptions	37,490	-
Net difference between projected and actual earnings on pension plan investments	1,234,357	-
	$ 1,516,545	$ 84,820

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
2023	$ 16,774
2024	335,125
2025	412,326
2026	667,500
Total	$ 1,431,725

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, 2022:

Retirees and survivors	99
Active plan members	551
Total plan members	650

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 29, 2023
Valuation date:	October 1, 2022
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:	4.87%
Health care cost trend:	7.00% decreasing to 4.50% 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 4.77% as of the beginning of the measurement period to 4.87%, as of September 30, 2023. 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, 2023 was 4.87%. 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 4.77% 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, 2023, are as follows:

Total OPEB liability	$	4,851,048
OPEB Plan fiduciary net position		-
City's net OPEB liability	$	4,851,048
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, 2023

Total OPEB liability:		
Service cost	$	339,700
Interest on total OPEB liability		245,664
Difference between expected and actual experience		(483,470)
Change of assumptions and other inputs		(348,943)
Benefit payments - implicit		(104,185)
Net change in total OPEB liability		(351,234)
Total OPEB liability, beginning		5,202,282
Total OPEB liability, ending	$	4,851,048

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 4.87%, 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 (3.87%)	Current Discount Rate (4.87%)	1% Increase (5.87%)
Total OPEB liability	$ 5,386,655	$ 4,851,048	$ 4,377,894

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 3.5%	Trend Rate Assumption 7.0% Decreasing to 4.5%	1% Trend Increase 8.0% Decreasing to 5.5%
Total OPEB liability	$ 4,288,017	$ 4,851,048	$ 5,518,442

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, 2023, the City recognized OPEB expense (credit) of ($ 337,112). At September 30, 2023, 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	$ 438,978	$ 891,482
Changes in assumptions	750,282	6,032,365
Total	$ 1,189,260	$ 6,923,847

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
2024	$ (922,476)
2025	(922,476)
2026	(912,391)
2027	(888,863)
2028	(888,869)
Thereafter	(1,199,512)
	$ (5,734,587)

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 $ 971,607 and measured as of December 31, 2022. For the year ended December 31, 2022, the Authority reported deferred outflows of resources of $ 384,163, deferred inflows of resources of $ 631,908 and recognized OPEB expense of $ 61,034.

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 2023, a total of approximately $ 830,289 was incurred/paid in benefits and claims. In fiscal year 2023, 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 $ 3,217,000 is reported in the fund at September 30, 2023. 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
2022*	$ 4,166	$ 867	$ 53	$ (1,111)	$ 3,975
2023*	$ 3,975	$ 1,143	$ (504)	$ (1,397)	$ 3,217

* 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, 2023, 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, 2023 was approximately $ 6,125,000 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, 2023:

	Estimated Remaining Construction Commitments
Infrastructure Surtax Fund:	
Staples Avenue Bridge Replacement	$ 583,000
Gas Tax Fund:	
United Street Roadway Improvements	$ 3,416,000
Transportation Fund:	
Wicker's Trail Realignment	$ 260,000
Final Mile Bicycle, Pedestrian, and Bus Stop Improvements	$ 385,000

11. Construction Commitments (continued)

	Estimated Remaining Construction Commitments
Sanitary Sewer System Fund:	
Aeration Basin Blower Installation	$ 377,000
Electrical Switchgear Installation	$ 641,000
RAS WAS Pumps and Valve Replacement at WWTP	$ 3,411,000
Fleming Key Force Main Directional Bore	$ 1,104,000
Stormwater Fund:	
Harris and 10th Drainage Improvements	$ 235,000
Bahama Village Fund:	
Frederick Douglass Community Center	$ 7,262,000

12. Long-Term Debt and Liabilities

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

	Balance October 1, 2022	Additions	Amortization/ Retirements	Balance September 30, 2023	Due Within One Year
Governmental Activities:					
Lease	$ 154,160	$ -	$ 154,160	$ -	$ -
Insurance claims payable	3,974,924	-	758,005	3,216,919	958,277
Compensated absences	5,177,019	4,503,519	4,103,616	5,576,922	3,989,764
OPEB liability	4,863,515	-	327,970	4,535,545	-
Net pension liability	857,889	33,347,076	-	34,204,965	-
Total governmental activities	$ 15,027,507	$ 37,850,595	$ 5,343,751	$ 47,534,351	$ 4,948,041
Business-Type Activities:					
Direct Borrowing					
Sewer System Refunding Revenue Bonds, Series 2013	$ 8,371,179	$ -	$ 1,590,572	$ 6,780,607	$ 1,628,447
Compensated absences	491,955	371,612	315,652	547,915	401,303
OPEB liability	338,767	-	23,264	315,503	-
Net pension liability	-	577,940	-	577,940	-
Other	492,701	10,127	-	502,828	-
Total business-type activities	$ 9,694,602	$ 959,679	$ 1,929,488	$ 8,724,793	$ 2,029,750
Total long-term debt and liabilities	$ 24,722,109	$ 38,810,274	$ 7,273,239	$ 56,259,144	$ 6,977,791

12. Long-Term Debt and Liabilities (continued)

Revenue Obligations:

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
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
	$ 6,780,607	$ 365,496	$ 7,146,103

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, 2023, the City is in compliance with all reporting and disclosure requirements. Required disclosures as of September 30, 2023, 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:

	2022	2023	2024
Base charge	$ 23.57	$ 24.28	$ 25.01
Commodity charge	$ 4.67	$ 4.81	$ 4.95

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

12. Long-Term Debt and Liabilities (continued)

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

(1) Default in the due and punctual payment of any interest on the Bonds;

(2) Default in the due and punctual payment of the principal of and premium, if any, on the Bonds, at the stated maturity thereof, or upon proceedings for redemption thereof;

(3) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the City contained in the agreements, in the Bonds and the continuance thereof for a period of thirty (30) days after written notice to the City given by the holders of the bonds of not less than twenty-five percent (25%) of aggregate principal amount of Bonds then outstanding, whichever is applicable (provided, however, that with respect to any obligation, covenant, agreement or condition which requires performance by a date certain, if the City performs such obligation, covenant, agreement or condition within thirty (30) days of written notice as provided above, the default shall be deemed to be cured);

(4) Failure by the Issuer promptly to remove any execution, garnishment or attachment of such consequence as will materially impair its ability to carry out its obligations hereunder; or

(5) Any act of bankruptcy or the rearrangement, adjustment or readjustment of the obligations of the City under the provisions of any bankruptcy or moratorium laws or similar laws relating to or affecting creditors' rights.

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.

Component Unit:

The following is a summary of changes in long-term debt and liabilities for the Authority for the year ended December 31, 2022:

	Balance January 1, 2022	Additions	Amortization/ Retirements	Balance December 31, 2022	Due Within One Year
Notes payable	$ 10,377,325	$ 7,592,282	$ 951,877	$ 17,017,730	$ 45,500
Revenue notes	40,527,309	-	1,616,809	38,910,500	1,672,523
Compensated absences	196,947	331,358	315,208	213,097	21,310
OPEB liability	1,279,731	-	308,124	971,607	-
Net pension liability	-	2,471,124	-	2,471,124	-
Total long-term debt and liabilities	$ 52,381,312	$ 10,394,764	$ 3,192,018	$ 59,584,058	$ 1,739,333

12. Long-Term Debt and Liabilities (continued)

Notes Payable, as of December 31, 2022, 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.	$ 11,600,000
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.	3,092,729
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
	$ 17,017,730

12. Long-Term Debt and Liabilities (continued)

Revenue Notes, as of December 31, 2022, 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 $ 6,603,817 and $ 1,402,629, respectively.	$ 8,006,446
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."	6,467,068
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 $ 7,346,184, $ 1,197,712 and $ 9,190,137, respectively.	17,734,033
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 3.50% 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.	1,143,649

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.	2,034,403
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.	1,314,901
	$ 38,910,500

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

Fiscal Year Ending December 31,	Notes Payable Principal	Notes Payable Interest	Revenue Notes Principal	Revenue Notes Interest
2023	$ 45,500	$ 65,996	$ 1,672,523	$ 1,223,116
2024	47,636	63,861	1,731,408	1,038,791
2025	49,872	61,625	1,908,005	859,602
2026	52,213	59,284	1,752,366	821,261
2027	54,664	56,833	1,816,933	781,523
2028-2032	1,864,302	243,184	10,928,043	3,109,792
2033-2037	395,320	162,164	10,275,446	1,920,698
2038-2042	14,508,223	60,261	4,724,626	1,001,095
2043-2044	-	-	4,101,150	227,088
Totals	$ 17,017,730	$ 773,208	$ 38,910,500	$ 10,982,966

13. Interfund Assets and Liabilities

A summary of interfund receivable and payable balances at September 30, 2023 are as follows:

Interfund Items (current)	Receivables	Payables
Governmental Funds:		
General	$ -	$ 389,089
Gas Tax	1,278,380	2,037
Infrastructure Surtax	-	1,042
Transportation Alternative	-	1,042
Truman Waterfront	-	6,157
Affordable Housing	-	1,042
Adaptation and Sustainability	-	1,042
Bahama Village	-	521
Caroline Street	-	521

13. Interfund Assets and Liabilities (continued)

Interfund Items (current)	Receivables	Payables
Enterprise Funds:		
Sanitary Sewer System	-	3,458
Solid Waste	-	6,536
Key West Bight	-	17,430
Stormwater	-	1,232
Transit System	-	1,307,982
Garrison Bight	-	10,846
Internal Service Fund:		
Insurance Programs	471,597	-
	$ 1,749,977	$ 1,749,977

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, 2023 are as follows:

Advances (long-term)	Receivables	Payables
Governmental Funds:		
General	$ 479,058	$ -
Enterprise Funds:		
Sanitary Sewer System	968,008	-
Stormwater	-	1,447,066
Total	$ 1,447,066	$ 1,447,066

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, 2023 is as follows:

Transfers	In		Out	
Governmental Funds:				
General	$ 12,494,395	a,b,c,g	$ 2,094,602	e,g,k
Gas Tax	4,088,029	d	267,665	c
Infrastructure Surtax	107,000	f	6,236,227	c,b,d
Capital Projects	128,350	g	16,866	c
Nonmajor funds	2,486,127	d,e,g	602,982	c,i
Enterprise Funds:				
Sanitary Sewer System	-		875,514	c,h
Solid Waste	-		1,748,551	a,c,h
Key West Bight	582	d	5,729,977	a,c,d,h
Stormwater	-		250,165	c,h
Transit System	78,772	i,j	502,925	a,c,h
Garrison Bight	-		518,754	a,c,h
Internal Service Fund:				
Insurance Programs	-		539,027	c,i
Totals	$ 19,383,255		$ 19,383,255	

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) Staples Ave Bridge project from TAF Fund
g) Various operating costs
h) Franchise & right of way
i) Transfer subrogation funds for repair cost offset
j) Subsidy for transit programs and projects
k) Subsidy for Affordable Housing initiatives

15. Lease Receivable

The City follows the provisions 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 $ 21,617,199 at September 30, 2023. 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, 2023, the City reported lease revenue of approximately $ 5,123,000 and interest revenue of approximately $ 242,000 related to lease payments received. The leases are for buildings and land throughout the City.

As of September 30, 2023, future base minimum lease payments expected to be received are as follows:

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	$ 1,417,962	$ 100,784	$ 1,518,746
2025	1,358,450	87,024	1,445,474
2026	917,821	74,271	992,092
2027	898,758	62,739	961,497
2028	795,629	51,757	847,386
2029-2080	2,629,239	855,979	3,485,218
	$ 8,017,859	$ 1,232,554	$ 9,250,413

	Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2024	$ 3,619,611	$ 120,396	$ 3,740,007
2025	3,007,908	98,937	3,106,845
2026	2,318,635	74,694	2,393,329
2027	1,481,840	55,481	1,537,321
2028	1,091,828	39,502	1,131,330
2029-2033	2,079,518	71,618	2,151,136
	$ 13,599,340	$ 460,628	$ 14,059,968

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, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Taxes	$ 20,711,341	$ 20,711,341	$ 20,820,143	$ 108,802
Licenses and permits	4,894,220	4,894,220	5,550,857	656,637
Intergovernmental	14,775,295	15,622,234	20,697,625	5,075,391
Charges for services	10,118,616	10,118,616	10,564,455	445,839
Fines and forfeitures	791,000	791,000	1,036,676	245,676
Investment earnings	35,000	35,000	1,009,399	974,399
Rental income	2,310,665	2,310,665	2,274,065	(36,600)
Contributions and other	50,000	151,000	285,120	134,120
Total revenues	53,686,137	54,634,076	62,238,340	7,604,264
Expenditures:				
Personnel services	48,076,909	49,980,306	49,005,658	974,648
Operating	12,551,913	13,137,010	12,946,762	190,248
Capital outlay	1,071,518	1,849,053	1,148,754	700,299
Aid to private organizations	495,000	645,000	642,500	2,500
Total expenditures	62,195,340	65,611,369	63,743,674	1,867,695
Excess (deficiency) of revenues over expenditures	(8,509,203)	(10,977,293)	(1,505,334)	9,471,959
Other Financing Sources (Uses):				
Transfers in	12,676,434	12,676,609	12,494,395	(182,214)
Transfers out	(2,044,602)	(2,094,602)	(2,094,602)	-
Total other financing sources (uses)	10,631,832	10,582,007	10,399,793	(182,214)
Net change in fund balance	$ 2,122,629	$ (395,286)	8,894,459	$ 9,289,745
Fund Balance, October 1			15,686,955	
Fund Balance, September 30			$ 24,581,414	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Gas Tax Fund - Special Revenue Fund
For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Taxes	$ 1,779,395	$ 1,779,395	$ 1,904,687	$ 125,292
Intergovernmental	281,345	281,345	990,458	709,113
Investment earnings	5,000	5,000	232,376	227,376
Contributions and other	-	262,839	352,917	90,078
Total revenues	2,065,740	2,328,579	3,480,438	1,151,859
Expenditures:				
Personnel services	383,534	389,479	309,552	79,927
Operating	911,069	945,346	903,306	42,040
Capital outlay	4,496,000	4,846,868	4,776,097	70,771
Total expenditures	5,790,603	6,181,693	5,988,955	192,738
Excess (deficiency) of revenue over expenditures	(3,724,863)	(3,853,114)	(2,508,517)	1,344,597
Other Financing Sources (Uses):				
Transfers in	4,000,000	4,088,029	4,088,029	-
Transfers out	(267,665)	(267,665)	(267,665)	-
Total other financing sources (uses)	3,732,335	3,820,364	3,820,364	-
Net change in fund balance	$ 7,472	$ (32,750)	1,311,847	$ 1,344,597
Fund Balance, October 1			3,583,259	
Fund Balance, September 30			$ 4,895,106	

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

Fiscal Year:	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement Date:	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB liability:						
Service cost	$ 339,700	$ 591,198	$ 932,349	$ 766,857	$ 630,043	$ 751,138
Interest on total OPEB Liability	245,664	153,010	232,526	312,934	313,949	290,240
Difference between expected and actual experience	(483,470)	202,003	422,796	(102,430)	(800,543)	-
Changes of assumptions or other inputs	(348,943)	(2,012,137)	(6,099,664)	1,212,182	45,947	(292,432)
Benefits payments - implicit	(104,185)	(57,002)	(57,002)	(73,000)	(73,419)	(172,454)
Net change in total OPEB liability	(351,234)	(1,122,928)	(4,568,995)	2,116,543	115,977	576,492
Total OPEB liability - beginning	5,202,282	6,325,210	10,894,205	8,777,662	8,661,685	8,085,193
Total OPEB liability - ending	$ 4,851,048	$ 5,202,282	$ 6,325,210	$ 10,894,205	$ 8,777,662	$ 8,661,685
Covered-employee payroll	$ 37,284,153	$ 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	13.0%	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 4.77% as of the beginning of the measurement period to 4.87%, as of September 30, 2023.

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:	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement Date:	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	9/30/2014
Total pension liability:										
Service cost	$ 2,034,182	$ 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	4,905,738	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	3,005,833	(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	(4,060,304)	(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	5,885,449	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	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	41,323,353
Total pension liability - ending (A)	$ 70,220,076	$ 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	$ 1,263,192	$ 1,133,833	$ 1,191,439	$ 1,149,081	$ 998,882	$ 991,645	$ 752,506	$ 730,895	$ 842,957	$ 919,864
Contributions - members	1,065,432	928,271	799,120	843,592	832,985	790,420	797,975	769,999	708,253	655,206
Net investment earnings (losses)	5,879,721	(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	(4,060,304)	(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	(156,280)	(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	3,991,761	(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	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	44,281,241
Plan fiduciary net position - ending (B)	$ 66,010,922	$ 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)	$ 4,209,154	$ 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	94.01%	96.40%	114.58%	102.09%	99.21%	104.21%	101.52%	100.89%	103.41%	108.75%
Covered payroll	$ 17,757,200	$ 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	23.70%	14.97%	-69.04%	-8.96%	3.28%	-17.57%	-6.05%	-3.31%	-13.21%	-36.70%

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

Fiscal year:	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement Date:	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	9/30/2014
Total pension liability:										
Service cost	$ 3,494,209	$ 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	10,900,371	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	1,557,277	67,398	1,727,463	(1,917,298)	(710,726)	1,924,924	2,335,251	473,539	260,206	-
Assumption changes	(9,101)	-	8,951,924	4,910,631	-	536,041	3,930,249	1,231,928	2,284,845	-
Benefit payments, including refunds of member contributions	(8,124,125)	(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	7,818,631	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	154,739,265	147,499,966	130,965,342	121,946,844	117,245,754	109,351,893	97,576,768	91,323,237	84,221,663	79,741,662
Total pension liability - ending (A)	$ 162,557,896	$ 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	$ 4,501,885	$ 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	1,067,851	622,885	599,411	572,176	640,814	645,479	572,152	532,550	578,511	727,859
Contributions - members	1,247,906	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)	13,453,511	(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	(8,124,125)	(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	(195,640)	(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	11,951,388	(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	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	71,857,797
Plan fiduciary net position - ending (B)	$ 134,223,214	$ 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 - ending (A) - (B)	$ 28,334,682	$ 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	82.57%	79.02%	99.42%	94.61%	91.56%	92.14%	89.72%	88.96%	88.25%	95.30%
Covered payroll	$ 15,056,321	$ 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 as a percentage of covered payroll	188.19%	232.38%	6.09%	52.72%	84.02%	74.76%	97.18%	95.15%	107.52%	37.47%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 1,087	$ 1,121	$ 1,191	$ 1,140	$ 960	$ 992	$ 664	$ 475	$ 475	$ 636
Contributions in relation to the actuarially determined contribution	1,263	1,134	1,191	1,149	999	992	753	731	843	920
Contribution deficiency (excess)	$ (176)	$ (13)	$ -	$ (9)	$ (39)	$ -	$ (89)	$ (256)	$ (368)	$ (284)
Covered payroll	$ 17,757	$ 15,471	$ 13,319	$ 14,060	$ 13,883	$ 13,174	$ 13,300	$ 13,093	$ 11,773	$ 10,500
Contributions as a percentage of covered payroll	7.11%	7.33%	8.94%	8.17%	7.20%	7.53%	5.66%	5.58%	7.16%	8.76%

Notes to Schedule:

Valuation date:	October 1, 2021
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	7.25%
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 7.35% to 7.25%.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 5,023	$ 4,487	$ 4,832	$ 4,645	$ 4,384	$ 4,411	$ 4,153	$ 3,356	$ 3,323	$ 3,497
Contributions in relation to the actuarially determined contribution	5,023	4,487	4,832	4,645	4,384	4,411	4,153	3,356	3,323	3,497
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 15,056	$ 13,972	$ 14,097	$ 13,386	$ 12,249	$ 12,325	$ 11,571	$ 11,325	$ 9,977	$ 10,051
Contributions as a percentage of covered payroll	33.36%	32.11%	34.28%	34.70%	35.79%	35.79%	35.89%	29.63%	33.31%	34.79%

Notes to Schedule:

Valuation date: October 1, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, closed
Amortization period	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	None.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	9.4%	(12.2%)	20.2%	9.5%	2.5%	9.3%	12.2%	7.1%	1.0%	9.9%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	12.17	(16.9%)	18.8%	10.8%	3.9%	10.5%	13.8%	9.4%	(0.2%)	12.6%

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 Amphitheater 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, 2023

	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	$ 397,634	$ 1,673,325	$ 386,319	$ 7,966,810	$ 1,304,641	$ 2,918,409	$ 242,214	$ 1,098,127	$ 52,213	$ 962,885	$ 17,002,577
Receivables (net of allowance for uncollectibles):											
Intergovernmental	-	842,196	-	-	-	-	-	440,013	-	42,404	1,324,613
Total assets	$ 397,634	$ 2,515,521	$ 386,319	$ 7,966,810	$ 1,304,641	$ 2,918,409	$ 242,214	$ 1,538,140	$ 52,213	$ 1,005,289	$ 18,327,190
Liabilities:											
Accounts payable and accrued liabilities	$ 2,041	$ -	$ 5,862	$ 649,060	$ -	$ 2,329	$ 8,017	$ 54,757	$ 10,754	$ 55,408	$ 788,228
Accrued payroll and related expenditures	-	-	5,088	-	-	-	-	3,618	16,461	4,892	30,059
Interfund	-	-	1,042	521	-	521	-	1,042	6,157	1,042	10,325
Unearned revenue	-	-	-	-	-	-	80,116	4,844	-	-	84,960
Contracts and retainage payable	-	-	-	80,402	-	-	-	189,701	-	-	270,103
Total liabilities	2,041	-	11,992	729,983	-	2,850	88,133	253,962	33,372	61,342	1,183,675
Fund Balances:											
Restricted for:											
Law enforcement	395,593	-	-	-	-	-	-	-	-	-	395,593
Natural resources	-	2,515,521	-	-	-	-	-	-	-	-	2,515,521
Housing initiatives and urban redevelopment	-	-	374,327	7,236,827	-	2,915,559	-	-	-	-	10,526,713
Transportation	-	-	-	-	1,304,641	-	-	1,284,178	-	-	2,588,819
Committed to:											
Art in public places	-	-	-	-	-	-	154,081	-	-	-	154,081
Truman Waterfront	-	-	-	-	-	-	-	-	18,841	-	18,841
Renewable resources	-	-	-	-	-	-	-	-	-	943,947	943,947
Total fund balances	395,593	2,515,521	374,327	7,236,827	1,304,641	2,915,559	154,081	1,284,178	18,841	943,947	17,143,515
Total liabilities and fund balances	$ 397,634	$ 2,515,521	$ 386,319	$ 7,966,810	$ 1,304,641	$ 2,918,409	$ 242,214	$ 1,538,140	$ 52,213	$ 1,005,289	$ 18,327,190

City of Key West, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2023

	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	$ -	$ -	$ -	$ 720,107	$ -	$ 678,529	$ -	$ -	$ -	$ -	$ 1,398,636
Intergovernmental	330,335	334,076	-	1,392,782	-	-	-	619,331	50,046	321,931	3,048,501
Charges for services	-	-	401,071	-	7,857	-	-	682,843	569,787	-	1,661,558
Fines and forfeitures	-	-	-	244	-	-	-	-	1,672	-	1,916
Investment earnings	10,396	71,189	15,784	304,640	1,383	128,063	8,367	61,870	2,348	27,917	631,957
Contributions and other	-	-	-	-	-	-	13,364	-	24,745	-	38,109
Total revenues	340,731	405,265	416,855	2,417,773	9,240	806,592	21,731	1,364,044	648,598	349,848	6,780,677
Expenditures:											
Current:											
General government	-	71,262	-	-	-	-	-	-	-	-	71,262
Public safety	62,187	-	-	-	-	-	-	-	-	-	62,187
Transportation	-	-	-	-	49,140	-	-	252,736	-	-	301,876
Economic environment	-	-	309,696	36,414	-	19,243	30,188	-	-	639,847	1,035,388
Culture and recreation	-	-	-	-	-	-	-	-	840,484	-	840,484
Capital outlay	-	-	-	1,066,133	-	116,477	-	883,390	50,046	10,557	2,126,603
Total expenditures	62,187	71,262	309,696	1,102,547	49,140	135,720	30,188	1,136,126	890,530	650,404	4,437,800
Excess (deficiency) of revenues over expenditures	278,544	334,003	107,159	1,315,226	(39,900)	670,872	(8,457)	227,918	(241,932)	(300,556)	2,342,877
Other Financing Sources (Uses):											
Transfers in	-	-	50,000	594,578	-	560,248	22,000	-	240,759	1,018,542	2,486,127
Transfers out	(15,687)	(14,226)	(85,744)	(55,710)	-	(41,860)	(11,545)	(171,077)	(141,489)	(65,644)	(602,982)
Total other financing sources (uses)	(15,687)	(14,226)	(35,744)	538,868	-	518,388	10,455	(171,077)	99,270	952,898	1,883,145
Net change in fund balances	262,857	319,777	71,415	1,854,094	(39,900)	1,189,260	1,998	56,841	(142,662)	652,342	4,226,022
Fund Balances, October 1	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
Fund Balances, September 30	$ 395,593	$ 2,515,521	$ 374,327	$ 7,236,827	$ 1,304,641	$ 2,915,559	$ 154,081	$ 1,284,178	$ 18,841	$ 943,947	$ 17,143,515

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, 2023

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Intergovernmental	$ -	$ -	$ 330,335	$ 330,335
Investment earnings	200	200	10,396	10,196
Total revenues	200	200	340,731	340,531
Expenditures:				
Operating	36,587	83,744	58,187	25,557
Aid to private organizations	5,000	5,000	4,000	1,000
Total expenditures	41,587	88,744	62,187	26,557
Excess (deficiency) of revenues over expenditures	(41,387)	(88,544)	278,544	367,088
Other Financing Sources (Uses):				
Transfers out	(15,687)	(15,687)	(15,687)	-
Total other financing sources (uses)	(15,687)	(15,687)	(15,687)	-
Net change in fund balance	$ (57,074)	$ (104,231)	262,857	$ 367,088
Fund Balance, October 1			132,736	
Fund Balance, September 30			$ 395,593	

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, 2023

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Intergovernmental	$ 300,000	$ 300,000	$ 334,076	$ 34,076
Investment earnings	2,500	2,500	71,189	68,689
Total revenues	302,500	302,500	405,265	102,765
Expenditures:				
Operating	789	789	71,262	(70,473)
Total expenditures	789	789	71,262	(70,473)
Excess (deficiency) of revenue over expenditures	301,711	301,711	334,003	32,292
Other Financing Sources (Uses):				
Transfers out	(14,226)	(14,226)	(14,226)	-
Total other financing sources (uses)	(14,226)	(14,226)	(14,226)	-
Net change in fund balance	$ 287,485	$ 287,485	319,777	$ 32,292
Fund Balance, October 1			2,195,744	
Fund Balance, September 30			$ 2,515,521	

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, 2023

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Charges for services	$ 410,766	$ 410,766	$ 401,071	$ (9,695)
Investment earnings	-	-	15,784	15,784
Total revenues	410,766	410,766	416,855	6,089
Expenditures:				
Personnel services	175,033	178,213	92,333	85,880
Operating	75,707	76,407	1,288	75,119
Aid to private organizations	150,000	200,000	216,075	(16,075)
Total expenditures	400,740	454,620	309,696	144,924
Excess (deficiency) of revenues over expenditures	10,026	(43,854)	107,159	151,013
Other Financing Sources (Uses):				
Transfers in	-	50,000	50,000	-
Transfers out	(85,744)	(85,744)	(85,744)	-
Total other financing sources (uses)	(85,744)	(35,744)	(35,744)	-
Net change in fund balance	$ (75,718)	$ (79,598)	71,415	$ 151,013
Fund Balance, October 1			302,912	
Fund Balance, September 30			$ 374,327	

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, 2023

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Tax Incremental	$ 700,000	$ 720,107	$ 720,107	$ -
Intergovernmental	-	1,892,145	1,392,782	(499,363)
Investment earnings	1,000	1,000	304,640	303,640
Fines and forfeitures	-	-	244	244
Total revenues	701,000	2,613,252	2,417,773	(195,479)
Expenditures:				
Personnel services	47,285	47,285	12,198	35,087
Operating	10,898	10,898	24,216	(13,318)
Capital outlay	845,000	3,817,415	1,066,133	2,751,282
Total expenditures	903,183	3,875,598	1,102,547	2,773,051
Excess (deficiency) of revenues over expenditures	(202,183)	(1,262,346)	1,315,226	2,577,572
Other Financing Sources (Uses):				
Transfers in	594,578	594,578	594,578	-
Transfers out	(55,710)	(55,710)	(55,710)	-
Total other financing sources (uses)	538,868	538,868	538,868	-
Net change in fund balance	$ 336,685	$ (723,478)	1,854,094	$ 2,577,572
Fund Balance, October 1			5,382,733	
Fund Balance, September 30			$ 7,236,827	

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, 2023

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Tax Incremental	$ 675,000	$ 678,529	$ 678,529	$ -
Investment earnings	2,500	2,500	128,063	125,563
Total revenues	677,500	681,029	806,592	125,563
Expenditures:				
Personnel services	47,285	47,285	12,198	35,087
Operating	218,858	218,858	7,045	211,813
Capital Outlay	1,244,941	1,244,941	116,477	1,128,464
Total expenditures	1,511,084	1,511,084	135,720	1,375,364
Excess (deficiency) of revenues over expenditures	(833,584)	(830,055)	670,872	1,500,927
Other Financing Sources (Uses):				
Transfers in	560,248	560,248	560,248	-
Transfers out	(41,860)	(41,860)	(41,860)	-
Total other financing sources (uses)	518,388	518,388	518,388	-
Net change in fund balance	$ (315,196)	$ (311,667)	1,189,260	$ 1,500,927
Fund Balance, October 1			1,726,299	
Fund Balance, September 30			$ 2,915,559	

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, 2023

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Investment earnings	$ 200	$ 200	$ 8,367	$ 8,167
Contributions and other	-	-	13,364	13,364
Total revenues	200	200	21,731	21,531
Expenditures:				
Operating	26,445	31,445	30,188	1,257
Total expenditures	26,445	31,445	30,188	1,257
Excess (deficiency) of revenues over expenditures	(26,245)	(31,245)	(8,457)	22,788
Other Financing Sources (Uses):				
Transfers in	22,000	22,000	22,000	-
Transfers out	(11,545)	(11,545)	(11,545)	-
Total other financing sources (uses)	10,455	10,455	10,455	-
Net change in fund balance	$ (15,790)	$ (20,790)	1,998	$ 22,788
Fund Balance, October 1			152,083	
Fund Balance, September 30			$ 154,081	

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, 2023

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Intergovernmental	$ 4,844	$ 442,112	$ 619,331	$ 177,219
Charges for services	698,294	698,294	682,843	(15,451)
Investment earnings	500	500	61,870	61,370
Total revenues	703,638	1,140,906	1,364,044	223,138
Expenditures:				
Personnel services	97,138	98,664	94,060	4,604
Operating	441,036	429,240	158,676	270,564
Capital outlay	110,000	803,573	883,390	(79,817)
Total expenditures	648,174	1,331,477	1,136,126	195,351
Excess (deficiency) of revenues over expenditures	55,464	(190,571)	227,918	418,489
Other Financing Sources (Uses):				
Transfers out	(64,077)	(171,077)	(171,077)	-
Total other financing sources (uses)	(64,077)	(171,077)	(171,077)	-
Net change in fund balance	$ (8,613)	$ (361,648)	56,841	$ 418,489
Fund Balance, October 1			1,227,337	
Fund Balance, September 30			$ 1,284,178	

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, 2023

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Intergovernmental	$ 42,500	$ 47,500	$ 50,046	$ 2,546
Charges for services	554,194	554,194	569,787	15,593
Fines and forfeitures	-	-	1,672	1,672
Investment earnings	-	-	2,348	2,348
Contributions and other	31,500	31,500	24,745	(6,755)
Total revenues	628,194	633,194	648,598	15,404
Expenditures:				
Personnel services	469,895	469,895	480,165	(10,270)
Operating	471,007	478,904	360,319	118,585
Capital outlay	42,500	50,050	50,046	4
Total expenditures	983,402	998,849	890,530	108,319
Excess (deficiency) of revenues over expenditures	(355,208)	(365,655)	(241,932)	123,723
Other Financing Sources (Uses):				
Transfers in	240,759	240,759	240,759	-
Transfers out	(141,489)	(141,489)	(141,489)	-
Total other financing sources (uses)	99,270	99,270	99,270	-
Net change in fund balance	$ (255,938)	$ (266,385)	(142,662)	$ 123,723
Fund Balance, October 1			161,503	
Fund Balance, September 30			$ 18,841	

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, 2023

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Intergovernmental	$ 1,174,575	$ 1,174,575	$ 321,931	$ (852,644)
Investment earnings	-	-	27,917	27,917
Total revenues	1,174,575	1,174,575	349,848	(824,727)
Expenditures:				
Personnel services	195,814	199,090	113,759	85,331
Operating	407,400	476,825	526,088	(49,263)
Capital outlay	1,566,100	1,576,675	10,557	1,566,118
Total expenditures	2,169,314	2,252,590	650,404	1,602,186
Excess (deficiency) of revenues over expenditures	(994,739)	(1,078,015)	(300,556)	777,459
Other Financing Sources (Uses):				
Transfers in	1,018,542	1,018,542	1,018,542	-
Transfers out	(65,644)	(65,644)	(65,644)	-
Total other financing sources (uses)	952,898	952,898	952,898	-
Net change in fund balance	$ (41,841)	$ (125,117)	652,342	$ 777,459
Fund Balance, October 1			291,605	
Fund Balance, September 30			$ 943,947	

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, 2023

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
Revenues:				
Taxes	$ 12,997,909	$ 12,997,909	$ 12,760,943	$ (236,966)
Intergovernmental	6,641,115	6,550,764	1,692,584	(4,858,180)
Investment earnings	25,000	25,000	495,673	470,673
Total revenues	19,664,024	19,573,673	14,949,200	(4,624,473)
Expenditures:				
Personnel services	334,045	339,742	160,419	179,323
Operating	10,455	10,455	54,346	(43,891)
Debt service	-	-	158,298	(158,298)
Capital outlay	16,948,215	19,245,745	7,640,618	11,605,127
Total expenditures	17,292,715	19,595,942	8,013,681	11,582,261
Excess (deficiency) of revenues over expenditures	2,371,309	(22,269)	6,935,519	6,957,788
Other Financing Sources (Uses):				
Transfers in	-	107,000	107,000	-
Transfers out	(6,148,198)	(6,236,227)	(6,236,227)	-
Total other financing sources (uses)	(6,148,198)	(6,129,227)	(6,129,227)	-
Net change in fund balance	$ (3,776,889)	$ (6,151,496)	806,292	$ 6,957,788
Fund Balance, October 1			15,124,180	
Fund Balance, September 30			$ 15,930,472	

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, 2023

	Budgeted Amounts		Actual	Variance With Final
	Original	Final	Amounts	Budget
Revenues:				
Investment earnings	$ -	$ -	$ 23,193	$ 23,193
Total revenues	-	-	23,193	23,193
Expenditures:				
Personnel services	106,544	108,355	101,394	6,961
Operating	3,129	3,129	242,233	(239,104)
Total expenditures	109,673	111,484	343,627	(232,143)
Excess (deficiency) of revenues over expenditures	(109,673)	(111,484)	(320,434)	(208,950)
Other Financing Sources (Uses):				
Transfers in	128,350	128,350	128,350	-
Transfers out	(16,866)	(16,866)	(16,866)	-
Total other financing sources (uses)	111,484	111,484	111,484	-
Net change in fund balance	$ 1,811	$ -	(208,950)	$ (208,950)
Fund Balance, October 1			623,981	
Fund Balance, September 30			$ 415,031	

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, 2023

	Pension Trust Funds		
	General Employees	Police and Fire	Total
Assets:			
Cash and cash equivalents	$ 762,206	$ 5,709,248	$ 6,471,454
Investments, at fair value:			
Equity securities	38,862,794	77,863,810	116,726,604
Corporate and foreign bonds and bond funds	5,441,469	11,413,473	16,854,942
Fixed income fund	-	6,294,949	6,294,949
Alternative investments	12,246,524	8,768,926	21,015,450
U.S. government securities	3,012,180	16,644,213	19,656,393
Collateralized mortgage obligations	5,040,526	-	5,040,526
Municipal obligations	645,550	-	645,550
Real estate	-	7,560,000	7,560,000
Receivables:			
Interest and dividends	73,085	358,486	431,571
Proceeds from securities sold	-	410,219	410,219
Other	-	289,303	289,303
Total assets	66,084,334	135,312,627	201,396,961
Liabilities:			
Accounts payable and accrued expenses	64,914	107,278	172,192
Payable for securities purchased	8,498	545,507	554,005
Total liabilities	73,412	652,785	726,197
Deferred inflows of resources:			
Advanced contribution from Employer	-	436,628	436,628
Net Position:			
Restricted for pension benefits	$ 66,010,922	$ 134,223,214	$ 200,234,136

City of Key West, Florida
Combining Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended September 30, 2023

	Pension Trust Funds		
	General Employees	Police and Fire	Total
Additions:			
Contributions:			
Employer	$ 1,263,192	$ 4,501,885	$ 5,765,077
Members	1,065,432	1,247,906	2,313,338
State police and fire	-	1,067,851	1,067,851
Total contributions	2,328,624	6,817,642	9,146,266
Investment earnings:			
Net appreciation in fair value of investments	4,478,805	9,917,959	14,396,764
Interest, dividends and other investment earnings	1,680,712	4,110,898	5,791,610
Total investment earnings	6,159,517	14,028,857	20,188,374
Less: Investment expenses	279,796	575,345	855,141
Net investment earnings	5,879,721	13,453,512	19,333,233
Total additions	8,208,345	20,271,154	28,479,499
Deductions:			
Benefits paid	4,060,304	8,124,125	12,184,429
Administrative expenses	156,280	195,640	351,920
Total deductions	4,216,584	8,319,765	12,536,349
Changes in net position	3,991,761	11,951,389	15,943,150
Net Position, October 1	62,019,161	122,271,825	184,290,986
Net Position, September 30	$ 66,010,922	$ 134,223,214	$ 200,234,136

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: 109-118

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: 119-122

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

Debt Capacity: 123-127

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: 128-130

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: 131-133

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									
	2014 [1]	2015	2016	2017 [2]	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	$ 106,158	$ 115,897	$ 134,743	$ 151,492	$ 161,190	$ 169,824	$ 170,710	$ 168,749	$ 170,421	$ 178,157
Restricted	34,704	31,633	22,445	19,429	18,698	16,441	19,041	26,329	30,954	37,970
Unrestricted	22,296	27,530	22,907	10,224	3,070	5,220	1,204	4,073	10,561	17,023
Total governmental activities net position	$ 163,158	$ 175,060	$ 180,095	$ 181,145	$ 182,958	$ 191,485	$ 190,955	$ 199,151	$ 211,936	$ 233,150
Business-type activities:										
Net investment in capital assets	$ 116,044	$ 123,627	$ 129,522	$ 129,029	$ 129,933	$ 131,233	$ 133,910	$ 135,385	$ 135,300	$ 133,184
Restricted	326	349	259	274	289	304	320	341	-	-
Unrestricted	37,658	40,073	41,043	42,994	45,782	49,407	49,803	53,005	58,760	65,293
Total business-type activities net position	$ 154,028	$ 164,049	$ 170,824	$ 172,297	$ 176,004	$ 180,944	$ 184,033	$ 188,731	$ 194,060	$ 198,477
Primary government:										
Net investment in capital assets	$ 222,202	$ 239,524	$ 264,265	$ 280,521	$ 291,123	$ 301,057	$ 304,620	$ 304,134	$ 305,721	$ 311,341
Restricted	35,030	31,982	22,704	19,703	18,987	16,745	19,361	26,670	30,954	37,970
Unrestricted	59,954	67,603	63,950	53,218	48,852	54,627	51,007	57,078	69,321	82,316
Total primary government net position	$ 317,186	$ 339,109	$ 350,919	$ 353,442	$ 358,962	$ 372,429	$ 374,988	$ 387,882	$ 405,996	$ 431,627

[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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental activities:										
General government	$ 16,419	$ 17,011	$ 18,008	$ 19,479	$ 21,829	$ 19,426	$ 18,904	$ 17,698	$ 18,577	$ 22,123
Public safety	24,315	23,748	26,681	29,565	29,894	31,121	31,963	30,860	32,193	40,620
Transportation	4,462	2,765	2,748	3,486	5,762	6,852	6,284	5,801	5,640	5,144
Economic environment	1,633	1,503	861	1,063	1,517	2,228	2,521	2,446	5,744	2,683
Human services	468	506	474	459	459	510	634	717	796	4,849
Culture and recreation	2,456	2,689	2,702	3,827	4,276	4,785	4,514	4,165	4,378	978
Interest	22	19	15	11	7	4	12	3	5	6
Total governmental activities expenses	49,775	48,241	51,489	57,890	63,744	64,926	64,832	61,690	67,333	76,403
Business type activities:										
Sewer System	10,550	10,720	11,017	11,433	10,359	11,023	11,187	10,178	10,587	11,667
Solid Waste	8,042	7,578	8,938	8,074	8,464	8,021	8,136	8,331	8,411	9,058
Key West Bight	4,158	5,082	5,777	5,769	5,805	6,150	5,366	6,170	7,918	7,604
Stormwater	2,223	2,311	2,517	3,196	2,814	2,678	3,052	2,815	3,000	3,269
Garrison Bight	1,351	1,428	1,427	1,445	1,723	1,811	1,996	2,054	2,257	2,533
Transit System	2,935	2,893	3,130	3,737	4,048	4,183	3,889	4,473	4,570	5,997
Total business-type activities expenses	29,259	30,012	32,806	33,654	33,213	33,866	33,626	34,021	36,743	40,128
Total primary government expenses	$ 79,034	$ 78,253	$ 84,295	$ 91,544	$ 96,957	$ 98,792	$ 98,458	$ 95,711	$ 104,076	$ 116,531

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program revenues:										
Governmental activities:										
Fee, fines and charges for services:										
General government	$ 3,161	$ 3,353	$ 3,447	$ 3,275	$ 3,209	$ 4,032	$ 2,580	$ 3,248	$ 3,957	$ 4,009
Public safety	3,296	5,100	4,100	4,407	4,342	5,690	3,796	3,931	5,449	7,252
Transportation	7,267	7,291	7,654	9,242	9,656	12,206	8,303	6,720	8,424	9,159
Economic environment	26	26	26	20	20	120	20	57	20	42
Culture and recreation	462	478	467	483	558	757	536	668	883	902
Operating grants and contributions	2,261	1,577	1,499	2,261	3,746	6,712	4,509	4,426	2,712	15,873
Capital grants and contributions	537	388	359	1,503	3,601	451	1,970	605	360	1,101
Total governmental activities program revenues	17,010	18,213	17,552	21,191	25,132	29,968	21,714	19,655	21,805	38,338
Business type activities:										
Charges for services:										
Sanitary Sewer System	11,979	11,933	11,968	11,522	11,381	11,248	11,407	11,853	12,312	12,823
Solid Waste	9,398	9,171	9,547	9,291	9,284	9,359	8,814	9,330	10,084	11,649
Key West Bight	7,465	8,896	9,021	9,621	9,709	11,394	9,027	12,090	15,229	14,762
Stormwater	2,131	2,063	2,084	2,197	2,353	2,403	2,481	2,382	2,390	2,457
Garrison Bight	1,604	1,960	1,978	2,059	1,954	2,293	2,322	2,998	3,207	3,330
Transit System	1,126	1,260	1,341	1,271	1,106	1,334	864	1,154	1,538	1,549
Operating grants and contributions	2,239	1,410	4,338	2,130	2,235	2,295	3,388	2,744	2,623	3,104
Capital grants and contributions	3,213	7,654	2,660	296	2,518	1,325	2,208	2,170	1,037	169
Total business type activities program revenues	39,155	44,347	42,937	38,387	40,540	41,651	40,511	44,721	48,420	49,843
Total primary government program revenues	$ 56,165	$ 62,560	$ 60,489	$ 59,578	$ 65,672	$ 71,619	$ 62,225	$ 64,376	$ 70,225	$ 88,181

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (expenses)/revenues:										
Governmental activities	$ (32,765)	$ (30,028)	$ (33,937)	$ (36,699)	$ (38,612)	$ (34,958)	$ (43,118)	$ (42,035)	$ (45,528)	$ (38,065)
Business type activities	9,896	14,335	10,131	4,733	7,327	7,785	6,885	10,700	11,677	9,715
Total primary government net expense	$ (22,869)	$ (15,693)	$ (23,806)	$ (31,966)	$ (31,285)	$ (27,173)	$ (36,233)	$ (31,335)	$ (33,851)	$ (28,350)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	$ 15,059	$ 15,161	$ 15,086	$ 16,329	$ 16,490	$ 16,663	$ 17,418	$ 17,492	$ 18,253	$ 20,080
Sales taxes	11,824	12,631	12,971	13,286	12,725	14,064	12,242	17,483	20,169	19,274
Franchise and local business taxes	1,448	1,482	1,509	1,533	1,480	1,506	1,498	1,555	1,461	856
Communication taxes	1,474	1,462	1,377	1,280	1,294	1,264	1,235	1,209	1,230	1,519
Cigarette and motor fuel taxes	2,695	2,801	2,903	2,968	2,904	2,995	2,800	3,421	3,890	4,145
Investment earnings	316	568	478	264	217	792	383	69	309	2,405
Miscellaneous	785	2,720	633	722	986	928	1,265	1,991	5,472	1,453
Transfers	2,820	5,105	4,015	4,044	4,329	5,273	5,747	7,011	7,529	9,546
Total governmental activities	36,421	41,930	38,972	40,426	40,425	43,485	42,588	50,231	58,313	59,278
Business type activities:										
Investment earnings	214	380	382	264	349	1,320	653	106	396	2,756
Transfers	(2,820)	(5,105)	(4,015)	(4,044)	(4,329)	(5,273)	(5,747)	(7,011)	(7,529)	(9,546)
Miscellaneous	322	411	277	784	360	1,108	1,298	903	784	1,493
Total business-type activities	(2,284)	(4,314)	(3,356)	(2,996)	(3,620)	(2,845)	(3,796)	(6,002)	(6,349)	(5,297)
Total primary government	$ 34,137	$ 37,616	$ 35,616	$ 37,430	$ 36,805	$ 40,640	$ 38,792	$ 44,229	$ 51,964	$ 53,981

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Changes in net position:										
Governmental activities	$ 3,656	$ 11,902	$ 5,035	$ 3,727	$ 1,813	$ 8,527	$ (530)	$ 8,196	$ 12,785	$ 21,213
Business type activities	7,612	10,021	6,775	1,737	3,707	4,940	3,089	4,698	5,328	4,418
Total primary government	$ 11,268	$ 21,923	$ 11,810	$ 5,464	$ 5,520	$ 13,467	$ 2,559	$ 12,894	$ 18,113	$ 25,631

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
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
2023	$ 20,080	$ 19,274	$ 856	$ 4,145	$ 1,519	$ 45,874

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Nonspendable	$ 1,828	$ 1,702	$ 1,597	$ 1,520	$ 1,445	$ 1,391	$ 1,050	$ 937	$ 850	$ 763
Restricted	3	-	139	376	102	1,416	1,159	319	1,000	2,377
Committed	360	2,172	2,207	546	170	175	24	55	60	114
Assigned	1,883	1,653	1,189	437	728	429	416	454	1,679	437
Unassigned	12,466	14,842	13,904	10,174	3,471	8,514	6,720	10,578	12,098	20,890
Total General Fund	$ 16,540	$ 20,369	$ 19,036	$ 13,053	$ 5,916	$ 11,925	$ 9,369	$ 12,343	$ 15,687	$ 24,581
All other governmental funds:										
Nonspendable	$ 191	$ 172	$ 186	$ 164	$ 591	$ 1	$ 186	$ 9	$ 1,885	$ 1,835
Restricted	34,509	31,632	22,306	19,054	18,596	15,025	17,882	26,010	29,954	35,593
Committed	7,500	7,733	3,974	1,463	1,145	695	665	628	1,010	1,493
Unassigned	-	-	-	-	-	(115)	(34)	-	-	-
Total all other governmental funds	$ 42,200	$ 39,537	$ 26,466	$ 20,681	$ 20,332	$ 15,606	$ 18,699	$ 26,647	$ 32,849	$ 38,921

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Taxes	$ 26,303	$ 26,958	$ 27,079	$ 28,429	$ 28,159	$ 29,416	$ 28,562	$ 32,364	$ 35,254	$ 36,884
Licenses and permits	4,002	4,340	3,604	4,380	3,998	4,828	3,580	3,575	4,381	5,551
Intergovernmental	10,635	8,558	8,264	9,865	13,284	14,463	11,049	14,228	13,146	26,973
Charges for services	7,962	9,486	9,415	10,706	11,430	14,417	9,962	9,112	11,450	12,226
Fines and forfeitures	679	820	991	717	719	1,059	697	680	924	1,038
Investment earnings	317	568	478	265	217	793	383	69	309	2,405
Rental income	2,164	2,169	2,259	2,170	2,106	2,537	1,711	1,991	2,388	2,274
Contributions and other	227	2,242	242	307	740	626	2,683	1,533	1,054	719
Total revenues	52,289	55,141	52,332	56,839	60,653	68,139	58,627	63,552	68,906	88,070
Expenditures:										
General government	15,931	16,382	16,890	17,704	21,207	17,098	16,224	16,030	18,004	22,113
Public safety	21,739	22,917	25,188	27,399	28,163	29,318	29,742	30,321	32,133	35,674
Transportation	3,910	2,266	2,248	2,909	3,896	4,201	3,224	2,897	2,644	1,852
Economic environment	1,633	1,502	861	1,063	1,128	1,873	2,133	2,088	5,407	2,338
Culture and recreation	1,967	2,169	2,231	3,118	3,730	4,152	3,815	3,639	4,119	4,386
Human services	468	506	474	459	457	507	628	712	791	975
Capital outlay	11,597	13,525	23,111	21,104	14,185	14,956	8,159	7,473	7,726	15,692
Debt service:										
Principal	147	147	147	147	147	569	414	-	154	154
Interest	22	19	15	11	7	4	12	-	4	4
Total expenditures	57,414	59,433	71,165	73,914	72,920	72,678	64,351	63,160	70,982	83,188
Excess (deficiency) of revenues over expenditures	(5,125)	(4,292)	(18,833)	(17,075)	(12,267)	(4,539)	(5,724)	392	(2,076)	4,882
Other Financing Sources (Uses):										
Transfers in	8,870	10,931	9,938	10,913	11,899	14,409	14,837	13,829	15,944	19,304
Transfers out	(5,719)	(5,501)	(5,513)	(6,458)	(7,168)	(8,620)	(8,611)	(3,607)	(8,005)	(9,218)
Issuance of debt	-	-	-	840	-	-	-	308	3,683	-
Sale of general capital assets	20	28	4	12	50	33	35	-	-	-
Total other financing sources (uses)	3,171	5,458	4,429	5,307	4,781	5,822	6,261	10,530	11,622	10,086
Net changes in fund balances	$ (1,954)	$ 1,166	$ (14,404)	$ (11,768)	$ (7,486)	$ 1,283	$ 537	$ 10,922	$ 9,546	$ 14,968
Ratio of total debt service expenditures to total noncapital expenditures	0.37%	0.36%	0.34%	0.30%	0.26%	0.99%	0.76%	0.00%	0.25%	0.23%

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
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
2023	$ 21,496,886	$ 35,597,879	$ 337,699	$ 642,500	$ 3,545,275	$ 2,123,435	$ 63,743,674

(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
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
2023	$ 20,820,143	$ 5,550,857	$ 20,697,625	$ 10,564,455	$ 1,036,676	$ 3,568,584	$ 62,238,340

(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
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
2023	$ 19,426,512	$ 18,674,515	96.1	$ 6,498	$ 18,681,013	96.2

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
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
2023	$ 12,764,834	$ 394,517	$ 3,829,550	$ 9,329,801	2.0822	$ 9,329,801	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
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
2023	2.0822	-	2.0822	2.5218	2.9620	0.0948	0.4565	0.1353	8.2526

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

2023				2014			
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	$ 213,566,605	1	2.29	Southeast Housing LLC	$ 140,324,382	1	2.65
Sunset City LLC	205,790,324	2	2.21	Sunset City LLC	69,204,395	2	1.31
Diamondrock Key West LLC	145,641,784	3	1.56	Casa Marina Owner LLC	65,621,679	3	1.24
Seaboard Associates Limited PA	111,516,137	4	1.20	Galleon Condominium Assoc Inc	64,894,805	4	1.23
Galleon Condominium Assoc Inc	109,740,960	5	1.18	Windward Pointe II LLC	56,504,227	5	1.07
Ashford Pier House LP	107,816,049	6	1.16	City of Key West	49,688,504	6	0.94
Reach Equity Holdings LLC	104,289,145	7	1.12	Tannex Development Corp.	49,405,900	7	0.93
Tannex Development LC	103,563,649	8	1.11	Ashford Pier House LP	45,913,805	8	0.87
Spottswood Parters II LTD	88,188,048	9	0.95	SH5 LTD	43,702,145	9	0.83
Passco Ocean DST	87,099,865	10	0.93	Hyatt Vacation Mngmt Co	41,314,994	10	0.78
Total	$ 1,277,212,566		13.71	Total	$ 626,574,836		11.85

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	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
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
2023	$ -	$ -	$ 6,780,607	$ -	$ 6,780,607	0.46%	26,078	$ 260

(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)
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	-	-	-	-	-
2023	26,078	$ 9,329,801	-	-	-	-	-

(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
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	-
2023	-	-	-	$ 63,743,674	-

(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, 2023

	Debt Outstanding	Applicable to City of Key West	
		Percentage	Amount
Direct debt:			
City of Key West (1)	$ -	100.00%	$ -
Estimated overlapping debt:			
Monroe County, District School Board (2)	93,779,664	28.18% (3)	26,427,109
Total ad valorem tax supported debt	$ 93,779,664		$ 26,427,109
Ratios:			
Overall debt to 2023 taxable valuation			25.00%
Overall debt per capita			$ 1,013

(1) City of Key West direct debt does not include revenue bonds.
(2) Monroe County School Board debt is as of June 30, 2023, 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
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
2023	$ 13,445	$ 8,163	$ 5,282	$ 1,628	$ 158	$ 1,786	2.96

(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)
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%
2023	26,078	$ 56,080	$ 1,462,454	45	4,413	2.0%

(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

2023			2014	
Employer		**Employees**	**Employer**	**Employees**
Public Sector:			Public Sector:	
US Armed Services	**	14,570	US Armed Services	2,664
Monroe County Schools		1,756	Monroe County Schools	993
Monroe County Government		636	Monroe County Sheriff's Office	595
Monroe County Sheriff's Office		567	Monroe County Government	522
City of Key West		535	City of Key West	467
Florida Keys Aqueduct Authority		303	Florida Keys Aqueduct Authority	258
Keys Energy Service		126	Florida Keys Community College	83
Florida Keys Electric Cooperative Assoc.		114	Keys Energy Service	136
College of the Florida Keys		214	Florida Keys Electric Cooperative Assoc.	117
Private Sector:			Private Sector:	
Ocean Reef Club		1,220	Ocean Reef Club	816
Publix stores		772	Health Management Association	N/A
Ocean Properties		816	Publix	435
Lower Keys Medical Center, Key West		550	Historic Tours of America	331
Spottswood Properties		441	Casa Marina Resort/Reach Resort	340
Casa Marina Resort / Reach Resort		334	Cheeca Lodge	261
Hawk's Cay Resort	**	359	Spottswood Properties	276
Cheeca Lodge	**	275	First State Bank of the Keys	178

* 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.

** Information for 2023 was not available. Information presented is for 2022.

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
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
2023	$ 13,159,351	$ 3,829,550	$ 9,329,801	3,499	$ 167,174

(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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
Building permits issued	6,187	5,465	6,429	4,843	3,854	4,951	3,800	4,029	3,718	3,499
Building inspections performed	11,812	11,642	11,018	8,910	8,837	9,147	5,537	9,537	8,245	4,358
Business Tax	10,087	10,642	9,799	8,604	9,139	9,188	9,666	8,827	9,345	9,644
Fire:										
Emergency responses	1,945	4,818 *	7,194 **	5,877	6,902	7,145	6,029	6,857	5,751	7,017
Inspections	2,310	2,100	2,077	1,700	2,560	3,722	2,298	2,268	2,318	2,928
Police:										
Physical arrests	2,171	2,100	1,753	1,264	1,486	1,722	1,423	1,564	1,647	1,622
Parking violations	27,897	33,261	32,199	31,382	23,940	26,055	16,276	18,422	22,801	27,939
Traffic violations	4,018	3,092	2,529	2,257	3,115	2,865	2,952	1,362	3,063	4,170
Cemetery:										
Burials	94	102	117	109	118	91	82	111	136	120
Sewer:										
Average daily flow (millions of gallons per day)	4	4	4	4	4	4	4	4.4	4.8	4.6
Solid Waste:										
Refuse annually tons	44,064	40,563	41,056	41,045	42,766	40,560	40,726	44,375	40,841	40,278
Recycle annual in tons	5,333	5,381	5,371	5,223	5,565	5,477	4,747	4,905	4,823	4,751
Marinas:										
Key West Bight:										
Diesel gallons pumped	128,548	168,924	219,435	206,963	217,097	298,895	217,351	258,439	204,947	178,754
Gas gallons pumped	133,580	150,826	177,291	142,394	189,860	215,375	189,900	233,694	197,600	210,344
Transient customers	1,365	1,394	1,617	1,730	1,021	1,189	798	1,445	1,175	1,137
Ferry terminal:										
Boat landings	364	389	482	358	372	362	279	371	373	352
Passenger disembarkments	166,677	192,073	184,662	186,817	169,728	189,596	125,245	161,197	190,428	136,129
Diesel gallons pumped	7,743	333,545	383,926	347,119	357,052	322,785	253,707	320,577	401,873	372,442
Garrison Bight:										
Transient customers	438	674	581	691	296	958	180	414	269	465
Mooring field monthly permits	133	377	515	623	270	917	238	145	190	375
Ramp usage	5,893	5,178	4,703	3,927	4,931	4,332	4,363	4,122	3770	4,018
Transportation:										
Cruise ship passengers	800,752	745,864	696,224	745,781	865,939	913,323	500,320	-	127,899	483,617
Sidewalks repaired/ replaced	20,250	10,000	5,000	6,221	52,380	36,530	89,985	20,583	92,502	95,000

*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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fire:										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Engines	7	6	6	7	8	8	8	8	8	7
Aerial	1	1	1	1	1	1	1	1	1	1
Heavy duty rescue	-	-	-	-	1	1	1	1	1	1
Light duty rescue	1	1	1	1	6	6	6	6	6	4
Ambulances	-	4 *	4	5	5	6	6	6	6	6
Fire boat	-	-	-	-	1	1	1	1	1	1
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	117	118	118	118	119	114	114	114	114	116
Parking enforcement units	6	6	6	6	6	6	7	7	7	7
Police boat	-	-	-	-	1	1	1	1	1	3
Parks and Recreation:										
Acreage	69.25	69.25	69.25	69.25	105.25+	105.25	105.25	105.25	105.25	105.25
Playgrounds	3	3	3	3	3	3	3	3	5	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	2	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	2
Sewer:										
Length of system	60	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	95	95	102	102	102
Commercial slips	42	42	42	42	42	42	42	42	42	42
Other slips	15	15	15	15	15	12	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)	96,384	96,434	101,108	101,108	105,348	108,098	111,632	112,335	111,384	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	42	42	51	51	51	51	51	56	74	74
Live aboard/pleasure	167	167	158	158	146	146	146	146	128	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	17	18	15	21	21	20	24	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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Commission	5	7	8	8	8	8	8	8	8	8
City Management	7	7	7	6	6	6	6	6	7	8
Management services and other	82	91	93	96	94	90	93	85	94	94
Recreation	32	32	32	33	37	38	38	35	32	32
Fire	72	88	72	72	72	72	72	70	71	77
Public Works	49	49	49	53	52	52	52	47	52	52
Police protection	126	126	126	126	129	131	131	122	127	131
Building	21	21	23	24	27	27	28	23	25	27
Emergency Medical Services	-	16	17	17	17	17	17	17	17	20
Roads and Sidewalks	5	5	5	5	5	5	5	5	5	5
Sewer	4	4	2	2	2	2	2	2	3	3
Stormwater	1	1	1	1	1	1	1	1	1	1
Solid waste	10	7	4	4	4	4	4	4	6	6
Recreation marinas	26	28	30	30	32	30	33	32	36	36
Transportation	27	29	29	30	39	37	41	37	40	40
Total	467	511	498	507	525	520	531	494	524	540

City of Key West, Florida

Compliance Section
For The Year Ended September 30, 2023

Keefe McCullough
CPA's + Trusted Advisors

City of Key West, Florida

Compliance Section
For The Year Ended September 30, 2023

Table of Contents

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*	1-2
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*	3-5
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	6-7
Data Elements Required by Section 218.39(3)(c), Florida Statutes and Sections 10.554(1)(i)6, Rules of the Auditor General	8
Independent Accountant's Examination Report on Compliance with Section 218.415, Florida Statutes	9
Schedule of Expenditures of Federal Awards and State Financial Assistance	10-12
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	13
Schedule of Findings and Questioned Costs	14-15

Keefe McCullough
50 YEARS
CPAs + 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, 2023, 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 11, 2024. 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.

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 11, 2024

Keefe McCullough
CPAs + Trusted Advisors

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, 2023. 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, 2023.

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.

CPAs + Trusted Advisors

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated April 11, 2024, 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 11, 2024

Keefe McCullough
CPAs + Trusted Advisors

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, 2023, and have issued our report thereon dated April 11, 2024.

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 11, 2024, 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.

CPAs + Trusted Advisors

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 11, 2024

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 9/30/2023	None	None
Number of independent contractors compensated at September 2023	None	None
Employee compensation for FYE 9/30/2023 (paid/accrued)	$ -	$ 24,396
Independent contractor compensation for FYE 9/30/2023 (paid/accrued)	$ -	$ -
Each construction project to begin on or after October 1 2022; (>$65K)		
The Caroline Street Paving Project	$ -	$ 2,244,941
Douglass Gym Expansion	$ -	$ 8,527,211
Nelson English Park Renovations	$ -	$ 120,000
Budget variance report (Annual Comprehensive Financial Report Pages)	N/A	96-97

Keefe McCullough
CPAs + Trusted Advisors

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, 2023. 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, 2023.

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 11, 2024

CPAs + Trusted Advisors

City of Key West, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended September 30, 2023

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	$ 282,396	$ 275,895
Housing Opportunities for Persons with AIDS	14.241	N/A	FL-H22-0017	$ 260,949	$ 253,351
			14.241 Total	543,345	529,246
Pass-through Florida Commerce					
Community Development Block Grants	14.228	N/A	22CV-S14	5,000	-
Total U.S. Department of Housing & Development				548,345	529,246
U.S. Department of Justice:					
Direct Program					
Bulletproof Vest Partnership Program	16.607	N/A	2021BUBX21025517	8,007	-
Bulletproof Vest Partnership Program	16.607	N/A	2022BUBX22031164	6,256	-
			16.607 Total	14,263	-
Pass-through Florida Department of Law Enforcement					
Edward Byrne Memorial JAG Program	16.738	N/A	8C060	5,211	-
Total U.S. Department of Justice				19,474	-
U.S. Department of Transportation:					
Pass-through State of Florida Department of Transportation					
Highway Planning and Construction	20.205	N/A	G2722	619,331	-
Highway Planning and Construction	20.205	N/A	G1X00	990,458	-
			20.205 Total	1,609,789	-
Formula Grants for Rural Areas	20.509	N/A	G2545	485,692	-
Formula Grants for Rural Areas	20.509	N/A	G2C12	568,845	-
Formula Grants for Rural Areas	20.509	N/A	G1T47	162,335	-
			20.509 Total	1,216,872	-
Highway Safety Cluster:					
Pass-through State of Florida Department of Transportation					
State and Community Highway Safety	20.600	N/A	G2D45	64,229	-
Total U.S. Department of Transportation				2,890,890	-

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, 2023

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	22,712	-
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	11,534,711	-
Pass-through State of Florida Department of Transportation					
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	G2708	5,498	-
			21.027 Total	11,540,209	
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	483,539	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	Z2987	296,503	-
			97.036 Total	780,042	-
Hazard Mitigation Grant	97.039	N/A	H0461	46,785	-
Hazard Mitigation Grant	97.039	N/A	H0538	99,942	-
Hazard Mitigation Grant	97.039	N/A	H0559	21,838	-
Hazard Mitigation Grant	97.039	N/A	H0710	37,347	-
			97.039 Total	205,912	-
Total U.S. Department of Homeland Security				985,954	-
Total Expenditures of Federal Awards				$ 16,007,584	$ 529,246

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, 2023

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	$ 24,844	$ -
Department of Transportation:					
Transit Corridor Development Program	N/A	55.013	G1944	66,152	-
Seaport Investment Program	N/A	55.034	G1767	16,646	-
Commuter Assistance Program/Ride Share Grants	N/A	55.007	G2C07	226,001	-
Commuter Assistance Program/Ride Share Grants	N/A	55.007	G2121	416,909	-
			55.007 Total	642,910	-
Public Transit Block Grant Program	N/A	55.010	G2C03	334,181	-
Public Transit Block Grant Program	N/A	55.010	G2058	181,287	-
			50.010 Total	515,468	-
Public Transit Service Development Program	N/A	55.012	GOZ32	199,811	-
Total Department of Transportation				1,440,987	-
Department of Health:					
Emergency Medical Services Matching Awards	N/A	64.003	M0039	36,247	-
Total Expenditures of State Financial Assistance				$ 1,502,078	$ -

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, 2023. 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
20.205	U.S. Department of Transportation - Highway Planning and Construction
21.027	U.S. Department of Treasury - Coronavirus State and Local Fiscal Recovery Funds
97.036	U.S. Department of Homeland Security - Disaster Grants - Public Assistance

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
	$ 450,623	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.