

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**City of Key West, Florida
Fiscal Year Ended
September 30, 2015**

*Cover: Courtesy of Alyson Crean –
City of Key West Public Information Officer*

The City of Key West, Florida

Comprehensive Annual Financial Report

For The Fiscal Year Ended

September 30, 2015

Prepared by:

Department of Finance

**City of Key West, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2015**

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INTRODUCTORY SECTION



THE CITY OF KEY WEST, FLORIDA

Post Office Box 1409

Key West, FL 33041-1409

www.cityofkeywest-fl.gov

June 21, 2016

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

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Key West, Florida, for the fiscal year ended September 30, 2015, is submitted herewith pursuant to the City Charter, Florida Statutes, and the Rules of the Auditor General of the State of Florida. The comprehensive annual financial report was compiled by Finance Department staff with the close cooperation of the independent auditors. It represents the official report of the City's financial operations and condition to the citizens, City Commission, management personnel of the City, rating agencies, and other interested parties.

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

State statutes require an annual audit by independent certified public accountants. The City of Key West's financial statements have been audited by the independent certified public accounting firm of Keefe McCullough and they have issued an unmodified opinion on the financial statements for the fiscal year ended September 30, 2015.

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 and fire protection, the construction and maintenance of roads and infrastructure, recreational activities, parking, planning, building and zoning. In addition to its general government activities, the City provides sewer, sanitation, 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 \$ 470,000 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.

Overall Financial Condition

The City of Key West is a two by four mile island located at the southernmost tip of Florida and the continental United States. Tourism is the primary industry throughout all of the Keys which comprise most of inhabited Monroe County. The numbers of visitors to our Key West community, along with associated tourism tax dollars, continues at a strong pace. Nearly 60 percent of all Monroe County spending is attributed to tourism. Infrastructure improvements, world class arts and cultural events and the creation of travel related jobs are all realized by a thriving and sustainable tourism trade.

The hotel bed tax collected in Key West increased by 10.3 percent over that of the previous fiscal year, ending up at \$ 19,150,852. Tourists arriving at Key West International Airport for the current fiscal year numbered 337,244 compared to 384,127 for the prior period, down 12 percent. The discontinuance of service by two successful carriers would account for most of the decline in arrivals from fiscal year 2014 to fiscal year 2015. Daily cruise ship passengers have a significant impact on the downtown business sector. The number of passengers decreased from 800,752 passengers in 2014 to 745,864 in 2015, a 7 percent decrease from the previous period. The physical limitations of current Key West docking facilities has led to a steady annual decrease in port calls. This decline is expected to continue as the cruiseship industry transitions to larger class vessels.

Most community leaders agree that tourism is the current and future foundation of the local economy. City user fees, sales tax revenue, gas tax proceeds, parking revenues and cruise ship disembarkation fees continue to provide a significant portion of City government's revenue base. If Key West remains a desirable tourist destination, the revenue base will remain dependable and robust.

Below are some of the factors that affected the development of the fiscal year 2014-15 General Fund budget:

- Net Property Values for fiscal year 2015 grew by 6.9 percent over fiscal year 2014 to \$5,655,809,226. Commercial development and redevelopment was the primary basis for continued growth in “new construction” property values.
- For the last few years, state shared revenue collections continue to exceed state projections. This trend is likely to continue and thus a budgeted increase of 12 percent from fiscal year 2014 estimates.
- A 25 percent increase above fiscal year 2014 projected building fee collections was a testament to a confident development and construction industry as well as a fiscal year 2014 revision to the City’s building fee structure.
- An increase of employer contributions to fund the City’s health insurance, an anticipated operating loss for year one of City provided emergency medical services and implementation of the first year of a five year pay plan highlighted the main increases in General Fund expenditures.

Based on the aforementioned, the City Commission adopted a millage rate of 2.7743, or approximately \$2.77 for every \$1,000 in taxable assessed value. The adopted millage rate of 2.7743 was 5.09 percent over the calculated “rollback” millage rate of 2.6399.

As you will see in the financial sections, the operating results for 2015 were positive. The General Fund change in the fund balance was approximately \$ 3,828,000, a positive indication of yet another successful fiscal year.

Tourism-dependent revenues appear to be strong and stable. The City is hopeful this trend will continue throughout the 2016 fiscal year.

Financial Planning and Budgeting Controls

The City maintains strict budgetary controls. The objective of these budgetary controls is to ensure compliance with Florida Statute Section 166.241 provisions embodied in the annual appropriated budget approved by the City Commission. Annual appropriated budgets are adopted for all governmental and proprietary funds except as noted below. These budgets are adopted on 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 budgets for the pension funds nor does it adopt a budget for the Community Development Office Fund, and the Community Fund.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established under City of Key West Ordinance 1.261 at the major category level; i.e., Personal Services, Operating, Capital, Debt Service, Aids to Private Organizations, and Transfers. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts expire at year-end but may be reappropriated from carryforward amounts only if the amounts encumbered are material and the current year’s budget is insufficient to absorb these commitments. Very few encumbrances are actually “rolled” forward into the next fiscal year. The exception would be encumbrances related to City Commission approved multiyear capital improvements and projects.

Relevant Financial Policies

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

Revenue Policy

The City will attempt to maintain a diversified and stable revenue system to avoid reliance on any one revenue source and will attempt to minimize the dependence on property taxes. Charges for services are used to recover partial or full cost of providing services that benefit individual users. 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. 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, 2015, the City had the following investment types in order of liquidity: Bank Deposits, Florida Prime, non-negotiable certificates of deposits, Federal Agency Discount Notes, Commercial Paper, Municipal Obligations, Federal Agency Notes, and U.S. Treasury Notes. The securities have a weighted average duration of 1.43 years. The City's Investment Policy limits the maximum maturity of securities to five (5) years.

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.

Fund Balances

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

Major Initiatives and Long Term Planning

One of the significant initiatives funded in fiscal year 2015 was to bring ambulance services in-house. Ambulance service has always been delivered to the citizens of Key West by a private company. Starting April 1st 2015, the City's fire department began providing this service. In order to provide this service the City budgeted for 15 additional firefighter/emergency medical service personnel and an emergency medical service division chief. The City also budgeted for the purchase of 5 new ambulances, along with the necessary equipment. The City went out to bid to hire a medical supervisor and also a billing company.

During fiscal year 2015, the City began a computer software conversion. The City to date has budgeted \$ 870,000 for the initial conversion. The Finance Department was the first City directorate to transition to the new software platform. During September of 2015 the transition started with most finance functions with final conversion for all finance functions completed by the end of fiscal year 2016.

The City maintains a multiyear Capital Improvement Program for general government and each enterprise activity. Capital programming helps enhance the overall quality of life in the City by improving the physical structures, systems, and facilities that provide services to the community. Capital Improvement Program projects are generally large and expensive, and the assets they install, replace, or rehabilitate will likely be required for decades of public use. Though such programming focuses on a five year outlook, great attention is given to identifying significant capital requirements in the out years primarily in an attempt to match improvements with funding needs. The program includes the additions of buildings and property, timely maintenance of City infrastructure, as well as the replacement of vehicles and other capitalized machinery items.

All projects are reviewed and approved by the Key West City Commission based on the City's priorities and Strategic Plan. A capital need includes various project types such as:

- Storm drainage and flood control facilities
- Park and recreation facilities
- Police and fire facilities
- Street improvements, lights and traffic signals
- Sidewalk improvements
- Transit facilities
- Sewer facilities and infrastructure
- Solid waste facilities

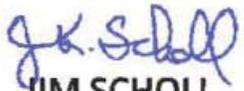
Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Key West for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This was the thirtieth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments

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


JIM SCHOLL
City Manager


MARK FINIGAN
Finance Director



Government Finance Officers Association

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

Presented to

**City of Key West
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

City of Key West, Florida

List of Principal Officials

Elected Officials

Mayor	Craig Cates
Commissioner	Jimmy Weekley
Commissioner	Samuel Kaufman
Commissioner	Billy Wardlow
Commissioner	Richard Payne
Commissioner	Margaret Romero
Commissioner	Clayton Lopez

Appointed Officials

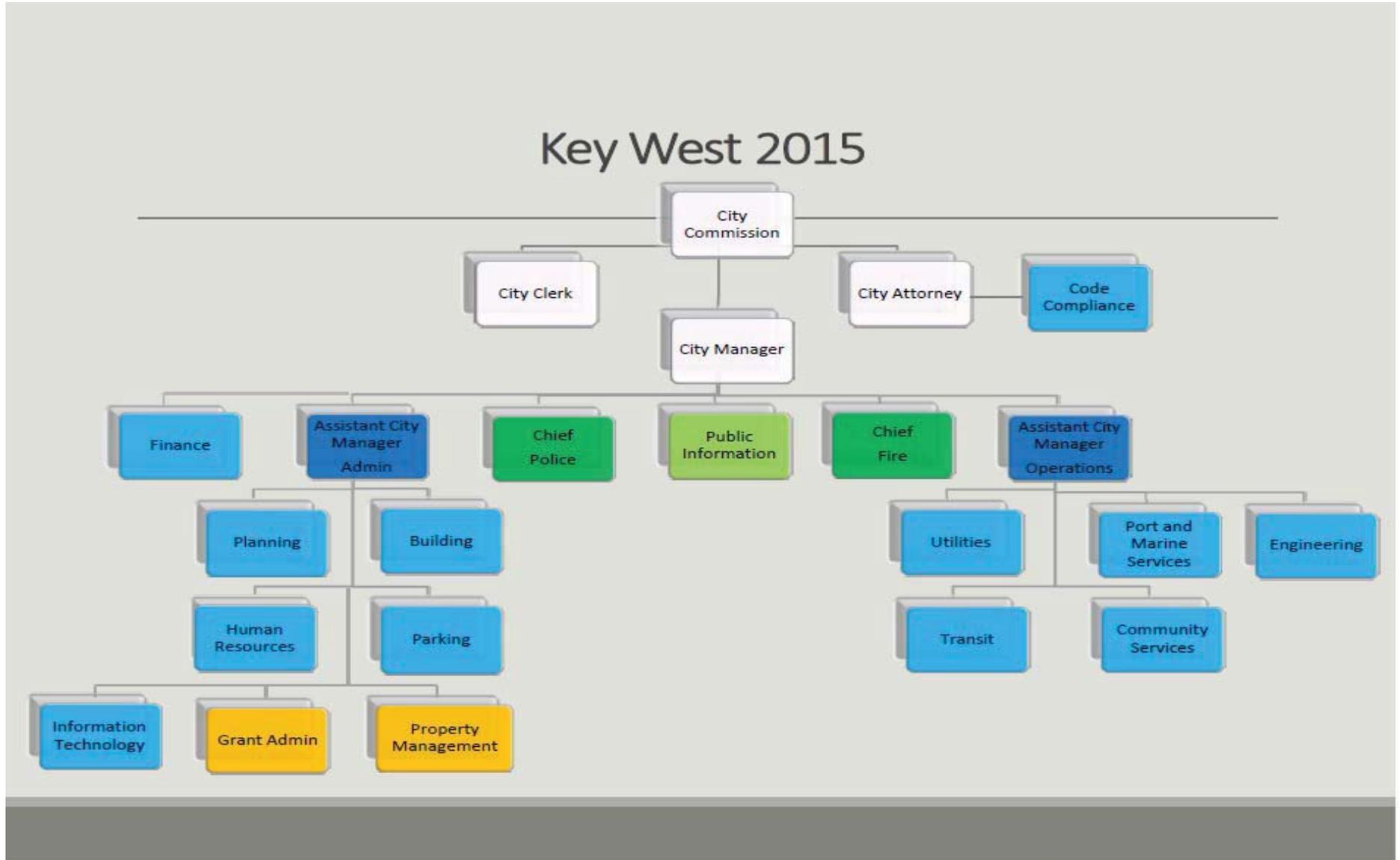
City Manager	Jim Scholl
City Clerk	Cheri Smith
City Attorney	Shawn Smith

Department Directors

Assistant City Manager – Administration	Sarah Hannah-Spurlock
Assistant City Manager – Community Operations	Greg Veliz
Building and Licensing	Ronald Wampler
Police Chief	Donald J. Lee, Jr.
Community Services	Rod Delostrinos
General Services	James Bouquet
Finance and Budget	Mark Finigan
Fire Chief	David Fraga
Human Resources	Samantha Farist
Management Information Systems	Patti McLaughlin
Planning	Thaddeus Cohen
Port and Marina Operations	Doug Bradshaw
Transportation	Norman Whitaker
Code Compliance	Jim Young
Parking	John Wilkins

City of Key West, Florida

Organizational Chart



City of Key West, Florida

Vision

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

Mission

To preserve and protect our island.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Key West, Florida (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Fund for Police Officers and Firefighters, which represent 63%, 63%, and 69%, respectively, of the assets, net position, and total additions of the Fiduciary Funds. Also, we did not audit the financial statements of The Housing Authority of the City of Key West, Florida, which is the sole discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Fund for Police Officers and Firefighters and The Housing Authority of the City of Key West, Florida, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Pension Trust Fund for Police Officers and Firefighters were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Gas Tax Fund – a major special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 16 to the financial statements, the City changed its method of accounting and financial reporting for pensions as a result of the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*, both effective October 1, 2014, which resulted in the City restating net position for recognition of the City's pension related activity prior to October 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to pensions and other post-employment benefits on pages 4 through 13 and 82 through 88, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Key West, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining and individual nonmajor fund financial statements and schedules and the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reports Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2016, on our consideration of the City of Key West, Florida’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
June 21, 2016

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 financial activities for the fiscal year ending September 30, 2015. We are offering this discussion and analysis in order to provide the reader with a better understanding of the City's overall financial position. This should be considered in conjunction with the additional information in the transmittal letter on page i and the City's financial statements which begin on page 14.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of fiscal year 2015 by \$ 339,108,403 (net position), which is an increase of \$ 21,923,319 compared to the prior year. Of this amount, \$ 67,662,121 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 \$ 59,907,196, an increase of \$ 1,166,427 from the prior year. Approximately 25% of this amount (\$14,841,669) is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) for the general fund was \$ 18,666,691, or approximately 43% of total general fund expenditures.
- The City's total outstanding long term debt decreased by \$ 3,522,969 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 14. 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 2014-15?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

Reporting the City's Most Significant Funds

The fund financial statements for each City fund begin on page 18 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by state law and/or by bond covenants. However, the City Commission establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two types of funds (governmental and proprietary) use different accounting approaches.

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

The City as Trustee

The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of trust arrangements, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Net Position and Changes in Net Position - Fiduciary Funds on pages 36 and 37. 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 \$ 317,185,084 to \$ 339,108,403. Governmental activities increased \$ 11,902,250. Most of this increase is the result of operations in the General Fund and the Infrastructure Surtax Fund. Business type activities increased \$ 10,021,069 of which \$ 5,602,910 was the result of capital contributions in the Transit Fund.

Total net position is comprised of \$ 239,523,772 net investment in capital assets, \$ 31,962,510 restricted for capital projects, transportation, housing initiatives and other purposes, and \$ 67,622,121 in unrestricted funds. Our analysis below focuses on the net position (Table 1) and change 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 15	FY 14	FY 15	FY 14	FY 15	FY 14
Current and other assets	\$ 77,305,186	\$ 75,504,327	\$ 46,429,181	\$ 41,951,504	\$ 123,734,367	\$ 117,455,831
Capital assets	<u>116,481,647</u>	<u>106,889,749</u>	<u>151,177,005</u>	<u>146,804,867</u>	<u>267,658,652</u>	<u>253,694,616</u>
Total assets	<u>193,786,833</u>	<u>182,394,076</u>	<u>197,606,186</u>	<u>188,756,371</u>	<u>391,393,019</u>	<u>371,150,447</u>
Total deferred outflows of resources	<u>5,517,176</u>	<u>4,411,577</u>	<u>802,382</u>	<u>615,945</u>	<u>6,319,558</u>	<u>5,027,522</u>
Current liabilities	6,347,058	5,932,514	5,099,359	3,210,257	11,446,417	9,142,771
Long-term debt and other noncurrent liabilities	<u>15,354,576</u>	<u>17,715,780</u>	<u>28,905,635</u>	<u>32,134,334</u>	<u>44,260,211</u>	<u>49,850,114</u>
Total liabilities	<u>21,701,634</u>	<u>23,648,294</u>	<u>34,004,994</u>	<u>35,344,591</u>	<u>55,706,628</u>	<u>58,992,885</u>
Total deferred inflows of resources	<u>2,542,766</u>	<u>-</u>	<u>354,780</u>	<u>-</u>	<u>2,897,546</u>	<u>-</u>
Net position:						
Net investment in capital assets	115,897,244	106,158,287	123,626,528	116,044,346	239,523,772	222,202,633
Restricted	31,612,817	34,703,496	349,693	325,936	31,962,510	35,029,432
Unrestricted	<u>27,549,548</u>	<u>22,295,576</u>	<u>40,072,573</u>	<u>37,657,443</u>	<u>67,622,121</u>	<u>59,953,019</u>
Total net position	<u>\$ 175,059,609</u>	<u>\$ 163,157,359</u>	<u>\$ 164,048,794</u>	<u>\$ 154,027,725</u>	<u>\$ 339,108,403</u>	<u>\$ 317,185,084</u>

Governmental Activities – Net Position

The \$ 175,059,609 in net position of the City's governmental activities is comprised of \$ 115,897,244 net investment in capital assets, \$ 31,612,817 in restricted assets and \$27,549,548 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.

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The invested in capital assets increased from the previous year by \$ 9,738,957. This is primarily the result of new additions/disposals netted against current year depreciation of \$ 3,868,682 and repayment of debt.

Restricted net position of \$ 31,612,817 is restricted to comply with the requirements of the special revenue funds or other legal requirements. This was a decrease of \$ 3,090,679 from the previous year. The decrease can be attributed mainly to ongoing capital projects in the Capital Projects Fund.

Unrestricted net position increased by \$ 5,253,972 compared to the prior fiscal year. There was an increase in revenues of \$ 4,427,593 from the prior year as well as a reduction in expense of \$1,534,107.

Business-Type Activities – Net Position

The \$ 164,048,794 in net position of the City's business type activities is comprised of \$ 123,626,528 net investment in capital assets, \$ 349,693 in restricted assets and \$ 40,072,573 in unrestricted net position. This is an increase of 6.5% in net position.

The net investment in capital assets increased from the previous year by \$ 7,582,182. This is primarily the result of new additions/disposals netted against current year depreciation of \$ 7,502,842 and repayment of debt. Restricted net position of \$ 349,693 is restricted to comply with the requirements of the sewer bond issues and the requirement of Florida Department of Environmental Protection as it relates to the closure of the landfill. Unrestricted net position increased \$ 2,415,130. The increase in unrestricted net position was the result of positive changes in the proprietary funds overall.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 15	FY 14	FY 15	FY 14	FY 15	FY 14
Revenues:						
Program Revenues:						
Charges for services	\$ 16,248,056	\$ 14,211,794	\$ 35,282,843	\$ 33,702,748	\$ 51,530,899	\$ 47,914,542
Operating grants and contributions	1,576,576	2,260,875	1,410,382	2,239,437	2,986,958	4,500,312
Capital grants and contributions	387,833	537,058	7,653,560	3,213,484	8,041,393	3,750,542
General Revenues:						
Taxes: property and other	33,536,317	32,498,963	-	-	33,536,317	32,498,963
Intergovernmental	147,406	130,176	-	-	147,406	130,176
Investment earnings	568,260	316,311	379,612	213,936	947,872	530,247
Other revenues	2,573,414	655,092	412,269	322,573	2,985,683	977,665
Total revenues	<u>55,037,862</u>	<u>50,610,269</u>	<u>45,138,666</u>	<u>39,692,178</u>	<u>100,176,528</u>	<u>90,302,447</u>

Table 2
Change in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 15	FY 14	FY 15	FY 14	FY 15	FY 14
Program Expenses:						
General government	17,029,502	16,527,846	-	-	17,029,502	16,527,846
Public safety	23,748,447	24,314,705	-	-	23,748,447	24,314,705
Transportation	2,765,414	4,375,774	-	-	2,765,414	4,375,774
Economic environment	1,502,625	1,633,264	-	-	1,502,625	1,633,264
Culture and recreation	2,689,088	2,456,077	-	-	2,689,088	2,456,077
Human services	505,897	467,414	-	-	505,897	467,414
Sanitary Sewer System	-	-	10,719,607	10,550,311	10,719,607	10,550,311
Solid Waste	-	-	7,577,757	8,041,724	7,577,757	8,041,724
Stormwater	-	-	2,311,235	2,223,247	2,311,235	2,223,247
Marinas (Key West and Garrison Bight)	-	-	6,510,219	5,509,129	6,510,219	5,509,129
Transit	-	-	2,893,418	2,935,210	2,893,418	2,935,210
Total expenses	48,240,973	49,775,080	30,012,236	29,259,621	78,253,209	79,034,701
Excess before transfers	6,796,889	835,189	15,126,430	10,432,557	21,923,319	11,267,746
Transfers (net)	5,105,361	2,820,262	(5,105,361)	(2,820,262)	-	-
Change in position	11,902,250	3,655,451	10,021,069	7,612,295	21,923,319	11,267,746
Net position, beginning of year	163,157,359	163,919,461	154,027,725	145,523,545	317,185,084	309,443,006
Restatement, Note 16	-	(4,417,553)	-	891,885	-	(3,525,668)
Net position, beginning of year	\$ 175,059,609	\$ 163,157,359	\$ 164,048,794	\$ 154,027,725	\$ 339,108,403	\$ 317,185,084

The City's total revenues reported are \$ 100,176,528, which in part represents \$ 51,530,899 in charges for services and \$ 33,536,317 in property and other taxes. Total expenses of \$ 78,253,209 are reported. As shown above, revenues have increased and expenses have decreased for the year. The major areas that expenses decreased were in transportation related to the Navy Pier Payments Fund.

Governmental Activities – Change in Net Position

Total revenues for the City's governmental activities of \$ 55,037,862 include \$ 16,248,056 in fees, fines and charges for services, as well as, \$ 33,536,317 in property, state shared and local taxes.

For the year, the City's governmental revenues increased \$ 4,427,593 or an 8.7% increase. Charges for services and taxes both had increased as well as other revenues which the City received for the British Petroleum settlement.

The cost of all governmental activities this year was \$ 48,240,973. However, as shown in the Statement of Activities on page 16, the amount that our taxpayers ultimately financed for these activities, through City ad valorem taxes, was \$ 15,160,709. This is because \$ 16,248,056 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 \$ 1,964,409. 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 only profit-making program is transportation due to the inclusion of cruise-ship and parking revenues.

Table 3
Governmental Activities

	Total Cost of Services		Net (Cost) Profit of Services	
	FY 15	FY 14	FY 15	FY 14
General government	\$ 17,029,502	\$ 16,527,846	\$ (13,676,311)	\$ (13,366,949)
Public safety	23,748,447	24,314,705	(18,284,344)	(20,048,517)
Culture and recreation	2,689,088	2,456,077	(1,666,532)	(1,485,688)
Transportation	2,765,414	4,375,774	4,689,296	2,994,237
Economic environment	1,502,625	1,633,264	(623,187)	(391,022)
All others	505,897	467,414	(467,430)	(467,414)
Totals	\$ <u>48,240,973</u>	\$ <u>49,775,080</u>	\$ <u>(30,028,508)</u>	\$ <u>(32,765,353)</u>

Business-Type Activities – Changes in Net Position

Revenues of the City's business-type activities (see Table 2) increased by 13.7% (\$ 39,692,178 in 2014 compared to \$ 45,138,666 in 2015). The increase is the result of an increase of \$ 1,580,095 in charges for services. Capital grants and contributions also increased from the prior fiscal year by \$ 4,440,076. A major contributor to the increase was the capital grant related to the bus farm facility in the Transit Fund and the capital grant related to East Front, a project in the Stormwater Fund.

Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of September 30, 2015, the City's governmental funds reported combined fund balances of \$ 59,907,196, which is an increase of \$ 1,166,427 in comparison with the prior fiscal year. This increase can be attributed to the increase in the General Fund's charges for services and contributions and other revenues.

The General Fund is the chief operating fund of the City. As of September 30, 2015, the unassigned fund balance account in the General Fund was \$ 14,841,669, an increase of \$ 2,375,610 from the previous year. The current year's increase in unassigned fund balance is more than the prior year's increase of \$ 1,170,532. This unassigned fund balance amount represents 32.9% of the 2015 General Fund budgeted expenditures, excluding capital outlay. This put the unassigned fund balance above the City's fund balance policy of between 20% and 25% of budgeted expenditures.

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Total General Fund expenditures increased by \$ 2,543,131 or 6.2%. The increase was related to increased personnel expenditures which were budgeted for. Revenues in the General Fund, including the sale of general capital assets, increased by \$ 4,263,817 or 11.2%. This increase is due to charges for services and contributions and other.

The Community Development Office Fund revenues decreased by \$ 318,702 and expenditures decreased by \$ 289,359 from the prior fiscal year. The decreases are due to less grant related funding and expenditures compared to the prior year.

The Gas Tax Fund's revenues decreased by \$ 1,412,268 and expenditures decreased by \$ 206,907. The fluctuations are due to a decrease in grant revenues collected and decreases in grant related project expenditures.

Total Infrastructure Surtax Fund revenues increased by \$ 495,356, with the majority of the increase coming from the discretionary sales surtax. Total expenditures decreased by \$ 1,409,488 as there was a decrease in various capital projects.

The Capital Projects Fund had a decrease in fund balance of \$ 6,904,239. The decrease was mainly due to an increase in activity in the capital projects.

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

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

Fund	Unrestricted Net Position (Deficit)	
	FY 15	FY 14
Sanitary Sewer System	\$ 16,870,785	\$ 15,112,591
Solid Waste	9,579,973	8,860,169
Stormwater	(1,270,294)	(818,790)
Key West Bight	12,112,464	12,164,022
Garrison Bight	2,069,024	1,372,533
Transit System	710,621	966,918
	<u>\$ 40,072,573</u>	<u>\$ 37,657,443</u>

For the year ending September 30, 2015, the Sanitary Sewer System Fund unrestricted net position increased by \$ 1,758,194. The majority of the increase in unrestricted net position was the result of a decrease in net investment in capital assets. Net investment in capital assets decreased mainly due to an increase in accumulated depreciation compared to the prior year.

While Solid Waste Fund net position remained relatively the same as the prior year, unrestricted net position increased by \$ 719,804. The majority of the increase in unrestricted net position was the result of a decrease in net investment in capital assets. Net investment in capital assets decreased mainly due to an increase in accumulated depreciation compared to the prior year.

The Stormwater Fund unrestricted net position (deficit) decreased by \$ 451,504. Investment in capital assets increased by \$ 1,875,814, mainly due to more capital construction grants than previous years. Overall, Stormwater total net position increased by \$ 1,424,310.

The Key West Bight Fund had a negligible decrease in unrestricted net position. Positive operating results at the Key west Bight allowed for a \$ 1.3 million, one-time transfer to the Capital Projects Fund during the year with no impact to the unrestricted net position. The Garrison Bight Fund had an increase in unrestricted net position by \$ 696,491. An increase in charges for services is a contributing factor.

Fiscal Year 2014-15 General Fund Budgetary Highlights

During the fiscal year 2015, 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 in excess of \$ 20,000 were approved by the City Commission.

General Fund revenues exceeded budget in almost all categories: Licenses and permits, Charges for services, Investment earnings, Rental income, and Contributions and other.

General Fund revenues in total exceeded the budgeted amount by \$ 3,693,117. Taxes were \$ 337,838 less than budget and \$ 31,189 higher than last year. Intergovernmental revenues were \$ 213,493 under budget due to lower than anticipated expenses for a beach grant which resulted in less grant income. Charges for services are up from budget \$ 1,382,997 due to higher ambulance fees collected and parking revenues. Licenses and permits were \$ 714,571 over the budget mainly due to a rise in building permit fees. Fines and forfeitures were under budget by \$ 61,610. The majority of this decline is attributable to a decrease in court and parking fines. The City has installed 69 parking pay stations over the last few years and removed the old coin operated meters. The new pay stations take both coins and debit/credit cards where the old meters only took coins. Now, because it is much easier for the consumer to pay for parking, fine revenue has declined over the past three years while parking revenues increased.

Total General Fund expenditures were lower than the budget by \$ 2,927,995. Personal services were \$ 800,378 under budget. The savings can be mainly attributed to vacancies from turnover. The operating expenditures budget had a positive variance of \$ 1,844,529 which was made up of a number of positive variances throughout the category. Some of the more significant variances were due to the postponement of several projects and studies until fiscal year 2016.

Capital Assets

At the end of fiscal year 2015, the City had \$ 267,658,652 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines. (See Table 4 below).

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 15	FY 14	FY 15	FY 14	FY 15	FY 14
Land	\$ 55,899,880	\$ 55,899,880	\$ 18,681,034	\$ 18,681,034	\$ 74,580,914	\$ 74,580,914
Buildings and improvements	18,364,729	18,005,154	46,435,097	45,797,340	64,799,826	63,802,494
Machinery, equipment and furniture	21,470,836	20,939,799	17,949,785	16,445,335	39,420,621	37,385,134
Infrastructure	49,908,395	49,083,358	167,798,431	159,645,541	217,706,826	208,728,899
Construction in progress	21,106,968	10,160,785	11,972,961	11,037,582	33,079,929	21,198,367
Depreciation	(50,269,161)	(47,199,227)	(111,660,303)	(104,801,965)	(161,929,464)	(152,001,192)
Totals	\$ 116,481,647	\$ 106,889,749	\$ 151,177,005	\$ 146,804,867	\$ 267,658,652	\$ 253,694,616

This year's major additions included:

In the Governmental funds, major additions included approximately \$ 1,269,000 in machinery and equipment, \$ 799,000 for streets and sidewalks, \$ 2,740,000 for construction of a new fire station and \$ 6,219,000 for ongoing construction of a new city hall building.

In the Business-Type Activities:

- The Stormwater Fund incurred approximately \$ 3,129,000 for a project aimed at reducing flooding.
- The Key West Bight Fund funded approximately \$ 1,225,000 for renovations of marina properties.
- The Transit Fund funded approximately \$ 3,775,000 for ongoing construction of a bus farm.

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 \$ 24,942,583 in bonds and notes outstanding as shown in Table 5:

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 15	FY 14	FY 15	FY 14	FY 15	FY 14
Promissory note	\$ 437,344	\$ 584,403	\$ 1,830,589	\$ 2,129,737	\$ 2,267,933	\$ 2,714,140
Revenue bonds and notes	-	-	22,674,650	25,751,412	22,674,650	25,751,412
Totals	\$ 437,344	\$ 584,403	\$ 24,505,239	\$ 27,881,149	\$ 24,942,583	\$ 28,465,552

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

Since the 1930's, the economy of the City of Key West has been dependent upon tourism. Most of the employment base, commercial base and a large part of the tax base are dependent on tourism for continued success. As discussed in the transmittal letter, the tourist industry continues to reflect signs of growth as represented in the hotel bed tax collections. The hotel bed tax showed a 10% growth rate over the prior year. Many visitors drive down the scenic Overseas Highway from the mainland. Parking revenues continue to remain strong. Parking revenues generate over \$ 4 million for the General Fund each year. The City leases many properties which rely on tourism. Many of these leases include rents based on sales volume that directly benefits the City as well as the collection of sales tax on the sale of food, beverages and merchandise. The City's revenues continue to indicate a strong and stable economy.

The City's fiscal year 2016 adopted budget is \$ 166.3 million, which is approximately an \$ 11 million increase (or 6.5%) from the original adopted fiscal year 2015 budget of \$ 155.7 million. The fiscal year 2016 General Fund budget is \$ 59.1 million, which is approximately a \$ 2 million increase (or 4.3%) from the original adopted fiscal year 2015 budget of \$ 56.7 million.

To balance the budget and reduce the tax burden to the citizens, the commission authorized the use of two days', or approximately \$ 264,500, worth of General Fund reserves. The City Commission ultimately approved a millage rate of 2.5908 which is a millage decrease of 6.6% below the rollback.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

City of Key West, Florida
Statement of Net Position
September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash, cash equivalents, and investments	\$ 66,152,856	\$ 39,774,886	\$ 105,927,742	\$ 5,255,782
Cash, cash equivalents and investments (restricted)	-	854,144	854,144	1,614,835
Accounts receivable (net of allowances)	3,431,799	2,427,372	5,859,171	18,757
Intergovernmental receivables	1,635,014	1,649,134	3,284,148	442,185
Inventories	8,458	568,163	576,621	54,745
Prepaid items and other assets	125,058	33,586	158,644	561,575
Internal balances	1,664,098	(1,664,098)	-	-
Capital assets:				
Land	55,899,880	18,681,034	74,580,914	10,748,552
Buildings and improvements	18,364,729	46,435,097	64,799,826	66,462,006
Infrastructure	49,908,395	167,798,431	217,706,826	1,167,753
Machinery, equipment and furniture	21,470,836	17,949,785	39,420,621	1,340,940
Accumulated depreciation	(50,269,161)	(111,660,303)	(161,929,464)	(27,982,379)
Construction in progress	21,106,968	11,972,961	33,079,929	-
Other, including loans, mortgages, and other notes receivable	1,320,310	1,899,569	3,219,879	-
Net pension asset	2,967,593	886,425	3,854,018	232,041
Total assets	193,786,833	197,606,186	391,393,019	59,916,792
Deferred Outflows of Resources:				
Deferred outflows relating to pensions	5,517,176	463,243	5,980,419	-
Deferred charge on refunding	-	339,139	339,139	-
Total deferred outflows of resources	5,517,176	802,382	6,319,558	-
Total assets and deferred outflows of resources	\$ 199,304,009	\$ 198,408,568	\$ 397,712,577	\$ 59,916,792

City of Key West, Florida
Statement of Net Position
September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Liabilities:				
Accounts payable and accrued expenses	\$ 2,793,985	\$ 3,110,223	\$ 5,904,208	\$ 317,832
Accrued wages and benefits	1,515,492	174,564	1,690,056	-
Unearned revenue	1,169,356	933,701	2,103,057	-
Intergovernmental	208,188	-	208,188	43,009
Deposits	49,364	-	49,364	413,087
Retainage payable	610,673	548,494	1,159,167	-
Accrued interest	-	332,377	332,377	-
Noncurrent liabilities:				
Due within one year	4,056,992	3,580,216	7,637,208	874,385
Due in more than one year	11,297,584	25,325,419	36,623,003	30,878,513
Total liabilities	21,701,634	34,004,994	55,706,628	32,526,826
Deferred Inflows of Resources:				
Deferred inflows relating to pensions	2,542,766	354,780	2,897,546	-
Total deferred inflows of resources	2,542,766	354,780	2,897,546	-
Net Position:				
Net investment in capital assets	115,897,244	123,626,528	239,523,772	20,532,998
Restricted for:				
Infrastructure and capital projects	23,424,691	-	23,424,691	-
Debt service	-	245,377	245,377	-
Landfill closure	-	104,316	104,316	-
Transportation	2,636,778	-	2,636,778	-
Truman waterfront	82,458	-	82,458	-
Natural resources	1,395,659	-	1,395,659	-
Housing initiatives and urban redevelopment	3,984,675	-	3,984,675	1,201,748
Law enforcement	88,556	-	88,556	-
Unrestricted	27,549,548	40,072,573	67,622,121	5,655,220
Total net position	175,059,609	164,048,794	339,108,403	27,389,966
Total liabilities, deferred inflows of resources and net position	\$ 199,304,009	\$ 198,408,568	\$ 397,712,577	\$ 59,916,792

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

City of Key West, Florida
Statement of Activities
For the Year ended September 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Fee, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 17,010,816	\$ 3,353,191	\$ -	\$ -
Public safety	23,748,447	5,099,847	140,139	224,117
Transportation	2,765,414	7,290,994	-	163,716
Economic environment	1,502,625	26,418	853,020	-
Culture and recreation	2,689,088	477,606	544,950	-
Human services	505,897	-	38,467	-
Interest and other fiscal charges	18,686	-	-	-
Total governmental activities	<u>48,240,973</u>	<u>16,248,056</u>	<u>1,576,576</u>	<u>387,833</u>
Business-Type Activities:				
Sanitary Sewer System	10,719,607	11,932,867	-	-
Solid Waste	7,577,757	9,170,902	-	-
Key West Bight	5,081,633	8,896,349	-	-
Stormwater	2,311,235	2,062,792	-	2,050,650
Garrison Bight	1,428,586	1,959,635	-	-
Transit System	2,893,418	1,260,298	1,410,382	5,602,910
Total business-type activities	<u>30,012,236</u>	<u>35,282,843</u>	<u>1,410,382</u>	<u>7,653,560</u>
Total primary government	<u>\$ 78,253,209</u>	<u>\$ 51,530,899</u>	<u>\$ 2,986,958</u>	<u>\$ 8,041,393</u>
Component Unit:				
The Key West Housing Authority of of the City of Key West, Florida	<u>\$ 12,887,606</u>	<u>\$ 7,534,352</u>	<u>\$ 3,372,014</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Communications taxes				
Local business tax				
Municipal revenue sharing gas and cigarette tax				
One cent sales tax				
Half cent sales tax				
Local option gas tax				
Intergovernmental income (unrestricted)				
Payment in lieu of tax				
Investment earnings				
Other, including sale of capital assets				
Transfers in (out)				
Total general revenues and transfers				
Change in net position				
Net Position, October 1 (as restated, Note 16)				
Net Position, September 30				

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business- type Activities	Total	Component Unit
\$ (13,657,625)	\$ -	\$ (13,657,625)	\$ -
(18,284,344)	-	(18,284,344)	-
4,689,296	-	4,689,296	-
(623,187)	-	(623,187)	-
(1,666,532)	-	(1,666,532)	-
(467,430)	-	(467,430)	-
(18,686)	-	(18,686)	-
<u>(30,028,508)</u>	<u>-</u>	<u>(30,028,508)</u>	<u>-</u>
-	1,213,260	1,213,260	-
-	1,593,145	1,593,145	-
-	3,814,716	3,814,716	-
-	1,802,207	1,802,207	-
-	531,049	531,049	-
-	5,380,172	5,380,172	-
<u>-</u>	<u>14,334,549</u>	<u>14,334,549</u>	<u>-</u>
<u>(30,028,508)</u>	<u>14,334,549</u>	<u>(15,693,959)</u>	<u>-</u>
			<u>(1,981,240)</u>
15,160,709	-	15,160,709	-
1,462,096	-	1,462,096	-
1,482,491	-	1,482,491	-
1,274,799	-	1,274,799	-
8,241,297	-	8,241,297	-
4,388,885	-	4,388,885	-
1,526,040	-	1,526,040	-
147,406	-	147,406	-
409,681	-	409,681	-
568,260	379,612	947,872	15,591
2,163,733	412,269	2,576,002	900,185
5,105,361	(5,105,361)	-	-
<u>41,930,758</u>	<u>(4,313,480)</u>	<u>37,617,278</u>	<u>915,776</u>
11,902,250	10,021,069	21,923,319	(1,065,464)
<u>163,157,359</u>	<u>154,027,725</u>	<u>317,185,084</u>	<u>28,455,430</u>
<u>\$ 175,059,609</u>	<u>\$ 164,048,794</u>	<u>\$ 339,108,403</u>	<u>\$ 27,389,966</u>

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

City of Key West, Florida
Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	Community Development Office Fund	Gas Tax Fund
Assets:			
Cash, cash equivalents, and investments	\$ 19,739,173	\$ 419,245	\$ 2,031,457
Receivables (net of allowance for uncollectibles):			
Accounts	1,476,896	6,435	-
Intergovernmental	587,228	16,397	238,081
Mortgage notes	-	1,320,310	-
Inventories	8,458	-	-
Advances to other funds	1,657,259	-	-
Prepays	36,648	2,329	-
Total assets	\$ 23,505,662	\$ 1,764,716	\$ 2,269,538
Liabilities:			
Accounts payable	\$ 461,486	\$ 3,107	\$ 222,435
Accrued payroll and related expenditures	1,486,691	154	12,305
Due to other funds	47,265	-	662
Intergovernmental	93,730	114,458	-
Deposits	49,364	-	-
Unearned revenue	989,440	1,217,019	19,022
Retainage payable	-	-	-
Total liabilities	3,127,976	1,334,738	254,424
Deferred Inflows of Resources:			
Unavailable revenue - grant funding	8,630	-	27,664
Total deferred inflows of resources	8,630	-	27,664
Fund Balances:			
Nonspendable:			
Inventories	8,458	-	-
Long-term advances/notes	1,657,259	176,218	-
Prepays	36,648	2,329	-
Restricted for:			
Infrastructure and capital projects	-	-	-
Housing initiatives and urban redevelopment	-	251,431	-
Law enforcement	-	-	-
Transportation	-	-	1,987,450
Truman waterfront	-	-	-
Natural resources	-	-	-
Committed to:			
Infrastructure and capital projects	-	-	-
Art in public places	-	-	-
Culture and recreation	80,809	-	-
Youth and recreational activities	2,091,208	-	-
Assigned to:			
Subsequent year's budget	1,653,005	-	-
Unassigned	14,841,669	-	-
Total fund balances	20,369,056	429,978	1,987,450
Total liabilities, deferred inflows of resources and fund balances	\$ 23,505,662	\$ 1,764,716	\$ 2,269,538

Infrastructure Surtax Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 18,010,584	\$ 14,462,125	\$ 6,702,425	\$ 61,365,009
-	-	-	1,483,331
781,633	-	11,675	1,635,014
-	-	-	1,320,310
-	-	-	8,458
-	-	-	1,657,259
-	-	14,092	53,069
<u>\$ 18,792,217</u>	<u>\$ 14,462,125</u>	<u>\$ 6,728,192</u>	<u>\$ 67,522,450</u>
\$ 242,272	\$ 1,305,171	\$ 532,171	\$ 2,766,642
4,168	4,445	-	1,507,763
111	-	-	48,038
-	-	-	208,188
-	-	-	49,364
59,355	-	-	2,284,836
-	610,673	-	610,673
<u>305,906</u>	<u>1,920,289</u>	<u>532,171</u>	<u>7,475,504</u>
<u>103,456</u>	<u>-</u>	<u>-</u>	<u>139,750</u>
<u>103,456</u>	<u>-</u>	<u>-</u>	<u>139,750</u>
-	-	-	8,458
-	-	-	1,833,477
-	-	14,092	53,069
18,382,855	5,041,836	-	23,424,691
-	-	3,733,244	3,984,675
-	-	88,556	88,556
-	-	649,328	2,636,778
-	-	82,458	82,458
-	-	1,395,659	1,395,659
-	7,500,000	-	7,500,000
-	-	232,684	232,684
-	-	-	80,809
-	-	-	2,091,208
-	-	-	1,653,005
-	-	-	14,841,669
<u>18,382,855</u>	<u>12,541,836</u>	<u>6,196,021</u>	<u>59,907,196</u>
<u>\$ 18,792,217</u>	<u>\$ 14,462,125</u>	<u>\$ 6,728,192</u>	<u>\$ 67,522,450</u>

The accompanying notes to 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, 2015

Fund Balances - Total Governmental Funds		\$ 59,907,196
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		116,481,647
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.		4,407,382
Certain funds related to pension assets and liabilities are not reported in the governmental funds.		
Deferred outflows relating to pensions		5,517,176
Deferred inflows relating to pensions		(2,542,766)
Certain revenues are considered deferred inflows of resources in the fund financial statements due to availability of funds; under full accrual accounting they are considered revenues.		139,750
Net pension asset is not an available resource and, therefore, is not reported in the governmental funds.		2,967,593
Liabilities, including notes payable, 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	\$ (3,954,616)	
Other post employment benefits (OPEB)	(3,421,000)	
Note payable	(584,403)	
Compensated absences*	<u>(3,858,350)</u>	<u>(11,818,369)</u>
Net Position of Governmental Activities		\$ <u>175,059,609</u>

* Not created in connection with terminated employees.

The accompanying notes to 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, 2015

	General Fund	Community Development Office Fund
Revenues:		
Taxes	\$ 16,430,227	\$ -
Licenses and permits	4,228,371	-
Intergovernmental	7,151,115	892,098
Charges for services	9,029,919	-
Fines and forfeitures	784,890	-
Investment earnings	214,726	1,649
Rental income	2,142,396	26,418
Contributions and other	2,192,768	-
Total revenues	42,174,412	920,165
Expenditures:		
Current:		
General government	16,100,897	-
Public safety	22,794,448	-
Transportation	860,416	-
Economic environment	49,803	1,040,955
Culture and recreation	2,168,744	-
Human services	505,664	-
Capital outlay	928,039	-
Debt service:		
Principal	-	-
Interest	-	-
Total expenditures	43,408,011	1,040,955
Excess (deficiency) of revenues over expenditures	(1,233,599)	(120,790)
Other Financing Sources (Uses):		
Transfers in	6,040,538	-
Transfers out	(1,006,266)	-
Sale of general capital assets	27,700	-
Total other financing sources (uses)	5,061,972	-
Net change in fund balances	3,828,373	(120,790)
Fund balances, October 1	16,540,683	550,768
Fund balances, September 30	\$ 20,369,056	\$ 429,978

<u>Gas Tax Fund</u>	<u>Infrastructure Surtax Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,526,040	\$ 8,241,297	\$ -	\$ 760,418	\$ 26,957,982
-	-	-	111,176	4,339,547
232,513	51,961	-	229,910	8,557,597
-	-	-	456,084	9,486,003
-	-	-	34,684	819,574
14,401	137,442	152,213	47,829	568,260
-	-	-	-	2,168,814
26,091	-	-	23,689	2,242,548
<u>1,799,045</u>	<u>8,430,700</u>	<u>152,213</u>	<u>1,663,790</u>	<u>55,140,325</u>
-	110,080	94,421	76,435	16,381,833
-	1,551	-	120,721	22,916,720
1,133,378	-	-	272,631	2,266,425
-	-	-	411,867	1,502,625
-	-	-	-	2,168,744
-	-	-	-	505,664
1,045,337	2,493,458	9,017,322	40,378	13,524,534
-	-	-	147,059	147,059
-	-	-	18,686	18,686
<u>2,178,715</u>	<u>2,605,089</u>	<u>9,111,743</u>	<u>1,087,777</u>	<u>59,432,290</u>
<u>(379,670)</u>	<u>5,825,611</u>	<u>(8,959,530)</u>	<u>576,013</u>	<u>(4,291,965)</u>
1,921,000	-	2,123,660	846,266	10,931,464
(734,163)	(3,659,655)	(68,369)	(32,319)	(5,500,772)
-	-	-	-	27,700
<u>1,186,837</u>	<u>(3,659,655)</u>	<u>2,055,291</u>	<u>813,947</u>	<u>5,458,392</u>
807,167	2,165,956	(6,904,239)	1,389,960	1,166,427
1,180,283	16,216,899	19,446,075	4,806,061	58,740,769
<u>\$ 1,987,450</u>	<u>\$ 18,382,855</u>	<u>\$ 12,541,836</u>	<u>\$ 6,196,021</u>	<u>\$ 59,907,196</u>

The accompanying notes to 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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 1,166,427

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 and disposals for the current period:

Expenditures for capital assets	\$	13,462,327	
Less: Net book value of disposed assets		(1,747)	
Less: Current year depreciation		<u>(3,868,682)</u>	9,591,898

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. 147,059

Revenues that are earned but not received within the availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available. The net difference is recorded as a reconciling item. (130,163)

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			690,020
Change in net pension liability			3,241,707
Change in other post employment benefits (OPEB)			(638,675)
Change in compensated absences			(264,545)

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

Change in deferred outflows relating to pensions			1,105,600
Change in deferred inflows relating to pensions			(2,542,766)

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. (464,312)

Change in Net Position of Governmental Activities \$ 11,902,250

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

City of Key West, Florida
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 16,768,065	\$ 16,768,065	\$ 16,430,227	\$ (337,838)
Licenses and permits	3,513,800	3,513,800	4,228,371	714,571
Intergovernmental	7,351,048	7,364,608	7,151,115	(213,493)
Charges for services	7,646,922	7,646,922	9,029,919	1,382,997
Fines and forfeitures	846,500	846,500	784,890	(61,610)
Investment earnings	100,000	100,000	214,726	114,726
Rental income	2,091,400	2,091,400	2,142,396	50,996
Contributions and other	130,525	150,000	2,192,768	2,042,768
Total revenues	38,448,260	38,481,295	42,174,412	3,693,117
Expenditures:				
Personal services	34,980,875	34,988,970	34,188,592	800,378
Operating	9,569,538	10,086,106	8,241,577	1,844,529
Capital outlay	1,117,197	1,204,130	928,039	276,091
Aid to private organizations	56,800	56,800	49,803	6,997
Total expenditures	45,724,410	46,336,006	43,408,011	2,927,995
Excess (deficiency) of revenues over expenditures	(7,276,150)	(7,854,711)	(1,233,599)	6,621,112
Other Financing Sources (Uses):				
Transfers in	6,222,752	6,323,277	6,040,538	(282,739)
Transfers out	(837,444)	(834,541)	(1,006,266)	(171,725)
Sale of general capital assets	-	10,000	27,700	17,700
Total other financing sources (uses)	5,385,308	5,498,736	5,061,972	(436,764)
Net change in fund balance	\$ (1,890,842)	\$ (2,355,975)	\$ 3,828,373	\$ 6,184,348
Fund Balance, October 1			16,540,683	
Fund Balance, September 30			\$ 20,369,056	

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

City of Key West, Florida
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,410,000	\$ 1,410,000	\$ 1,526,040	\$ 116,040
Intergovernmental	603,244	764,634	232,513	(532,121)
Investment earnings	-	-	14,401	14,401
Contributions and other	26,092	35,292	26,091	(9,201)
Total revenues	2,039,336	2,209,926	1,799,045	(410,881)
Expenditures:				
Personal services	271,820	271,820	188,001	83,819
Operating	675,425	802,356	945,377	(143,021)
Capital outlay	2,555,818	3,882,978	1,045,337	2,837,641
Total expenditures	3,503,063	4,957,154	2,178,715	2,778,439
Excess (deficiency) of revenue over expenditures	(1,463,727)	(2,747,228)	(379,670)	2,367,558
Other Financing Sources (Uses):				
Transfers in	1,910,000	1,921,000	1,921,000	-
Transfers out	(734,163)	(734,163)	(734,163)	-
Total other financing sources (uses)	1,175,837	1,186,837	1,186,837	-
Net change in fund balance	\$ (287,890)	\$ (1,560,391)	807,167	\$ 2,367,558
Fund Balance, October 1			1,180,283	
Fund Balance, September 30			\$ 1,987,450	

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

City of Key West, Florida
Statement of Net Position
Proprietary Funds
September 30, 2015

	<u>Sanitary Sewer System</u>	<u>Solid Waste</u>	<u>Key West Bight</u>
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 13,669,043	\$ 9,865,317	\$ 11,032,291
Receivables, net of allowance for uncollectibles:			
Accounts	1,087,107	737,850	422,772
Intergovernmental	-	-	-
Interfund receivables	-	-	-
Prepaid expenses	-	-	25,177
Note receivable	-	-	85,230
Inventories	489,808	-	47,940
	<u>15,245,958</u>	<u>10,603,167</u>	<u>11,613,410</u>
Restricted assets:			
Cash, cash equivalents and investments	<u>531,523</u>	<u>322,621</u>	<u>-</u>
Total current assets	<u>15,777,481</u>	<u>10,925,788</u>	<u>11,613,410</u>
Noncurrent assets:			
Net pension asset	77,080	115,621	192,701
Note receivable, less current portion	-	-	1,814,339
Advances to other funds	1,823,349	-	76,689
Property, plant and equipment:			
Land	6,480	3,745,027	14,879,527
Buildings and improvements	24,900,870	8,677,969	7,638,584
Infrastructure	114,651,354	3,697	9,975,284
Machinery, equipment and furniture	9,380,754	651,993	685,479
Accumulated depreciation	(73,590,387)	(3,234,722)	(10,791,660)
Construction in progress	714,384	-	3,586,632
	<u>77,963,884</u>	<u>9,959,585</u>	<u>28,057,575</u>
Total noncurrent assets	<u>77,963,884</u>	<u>9,959,585</u>	<u>28,057,575</u>
Total assets	<u>93,741,365</u>	<u>20,885,373</u>	<u>39,670,985</u>
Deferred Outflows of Resources:			
Deferred outflows relating to pensions	40,282	60,423	100,705
Deferred charge on refunding	330,606	-	8,533
	<u>370,888</u>	<u>60,423</u>	<u>109,238</u>
Total deferred outflows of resources	<u>370,888</u>	<u>60,423</u>	<u>109,238</u>
Total assets and deferred outflows of resources	<u>\$ 94,112,253</u>	<u>\$ 20,945,796</u>	<u>\$ 39,780,223</u>

			(Nonmajor Fund)		Governmental
	Transit	Garrison	Bight	Total	Activities
Stormwater	System				Internal
					Service Fund
\$ 1,699,388	\$ 1,063,577	\$ 2,445,270	\$ 39,774,886	\$ 4,787,847	
7,827	46,090	125,726	2,427,372	1,948,468	
514,999	1,134,135	-	1,649,134	-	
-	-	-	-	54,877	
-	1,993	6,416	33,586	71,989	
-	-	-	85,230	-	
30,415	-	-	568,163	-	
<u>2,252,629</u>	<u>2,245,795</u>	<u>2,577,412</u>	<u>44,538,371</u>	<u>6,863,181</u>	
-	-	-	854,144	-	
<u>2,252,629</u>	<u>2,245,795</u>	<u>2,577,412</u>	<u>45,392,515</u>	<u>6,863,181</u>	
38,540	346,862	115,621	886,425	-	
-	-	-	1,814,339	-	
-	-	-	1,900,038	-	
-	50,000	-	18,681,034	-	
-	4,510,598	707,076	46,435,097	-	
35,280,329	323,563	7,564,204	167,798,431	-	
108,501	6,572,835	550,223	17,949,785	-	
(11,400,735)	(7,917,370)	(4,725,429)	(111,660,303)	-	
1,057,470	6,472,375	142,100	11,972,961	-	
<u>25,084,105</u>	<u>10,358,863</u>	<u>4,353,795</u>	<u>155,777,807</u>	<u>-</u>	
<u>27,336,734</u>	<u>12,604,658</u>	<u>6,931,207</u>	<u>201,170,322</u>	<u>6,863,181</u>	
20,141	181,269	60,423	463,243	-	
-	-	-	339,139	-	
<u>20,141</u>	<u>181,269</u>	<u>60,423</u>	<u>802,382</u>	<u>-</u>	
\$ <u><u>27,356,875</u></u>	\$ <u><u>12,785,927</u></u>	\$ <u><u>6,991,630</u></u>	\$ <u><u>201,972,704</u></u>	\$ <u><u>6,863,181</u></u>	

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

City of Key West, Florida
Statement of Net Position
Proprietary Funds
(continued)
September 30, 2015

	<u>Sanitary Sewer System</u>	<u>Solid Waste</u>	<u>Key West Bight</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 79,646	\$ 1,041,082	\$ 581,628
Accrued payroll and related expenses	9,947	17,992	41,781
Compensated absences	17,752	38,783	32,211
Accrued expenses	-	-	164,685
Accrued interest	286,146	-	46,231
Interfund payable	276	1,103	1,710
Retainage payable	-	-	29,821
Insurance claims payable	-	-	-
Landfill closure costs payable	-	23,333	-
Unearned revenue	154,099	218,305	385,537
Bonds and note payable	2,061,292	-	1,323,085
Total current liabilities	<u>2,609,158</u>	<u>1,340,598</u>	<u>2,606,689</u>
Noncurrent liabilities:			
Revenue bonds payable	19,882,249	-	2,792,401
Note payable	1,830,589	-	-
Advances from other funds	-	-	-
Insurance claims payable	-	-	-
Customer deposits	600	-	223,467
OPEB liability	16,000	16,000	89,000
Compensated absences	6,714	14,669	12,183
Total noncurrent liabilities	<u>21,736,152</u>	<u>30,669</u>	<u>3,117,051</u>
Total liabilities	<u>24,345,310</u>	<u>1,371,267</u>	<u>5,723,740</u>
Deferred Inflows of Resources:			
Deferred inflows relating to pensions	30,850	46,276	77,126
Total deferred inflows of resources	<u>30,850</u>	<u>46,276</u>	<u>77,126</u>
Net Position:			
Net investment in capital assets	52,619,931	9,843,964	21,866,893
Restricted for debt service	245,377	-	-
Restricted for landfill long-term closure costs	-	104,316	-
Unrestricted (deficit)	16,870,785	9,579,973	12,112,464
Total net position	<u>69,736,093</u>	<u>19,528,253</u>	<u>33,979,357</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 94,112,253</u>	<u>\$ 20,945,796</u>	<u>\$ 39,780,223</u>

	<u>Stormwater</u>	<u>Transit System</u>	<u>(Nonmajor Fund) Garrison Bight</u>	<u>Total</u>	<u>Governmental Activities Internal Service Fund</u>
\$	30,282	\$ 1,119,544	\$ 93,134	\$ 2,945,316	\$ 27,343
	3,003	76,948	24,893	174,564	7,729
	2,914	44,134	36,712	172,506	11,891
	-	-	222	164,907	-
	-	-	-	332,377	-
	55	2,482	1,213	6,839	-
	42,215	476,458	-	548,494	-
	-	-	-	-	1,102,000
	-	-	-	23,333	-
	-	-	175,760	933,701	1,338
	-	-	-	3,384,377	-
	<u>78,469</u>	<u>1,719,566</u>	<u>331,934</u>	<u>8,686,414</u>	<u>1,150,301</u>
	-	-	-	22,674,650	-
	-	-	-	1,830,589	-
	3,480,608	76,689	-	3,557,297	-
	-	-	-	-	1,301,000
	-	5,530	256,336	485,933	-
	6,000	106,000	36,000	269,000	-
	1,102	16,693	13,886	65,247	4,498
	<u>3,487,710</u>	<u>204,912</u>	<u>306,222</u>	<u>28,882,716</u>	<u>1,305,498</u>
	<u>3,566,179</u>	<u>1,924,478</u>	<u>638,156</u>	<u>37,569,130</u>	<u>2,455,799</u>
	<u>15,425</u>	<u>138,827</u>	<u>46,276</u>	<u>354,780</u>	<u>-</u>
	<u>15,425</u>	<u>138,827</u>	<u>46,276</u>	<u>354,780</u>	<u>-</u>
	25,045,565	10,012,001	4,238,174	123,626,528	-
	-	-	-	245,377	-
	-	-	-	104,316	-
	(1,270,294)	710,621	2,069,024	40,072,573	4,407,382
	<u>23,775,271</u>	<u>10,722,622</u>	<u>6,307,198</u>	<u>164,048,794</u>	<u>4,407,382</u>
\$	<u><u>27,356,875</u></u>	<u><u>12,785,927</u></u>	<u><u>6,991,630</u></u>	<u><u>201,972,704</u></u>	<u><u>6,863,181</u></u>

The accompanying notes to 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, 2015

	Sanitary Sewer System	Solid Waste	Key West Bight
Operating Revenues:			
Charges for services	\$ 11,932,867	\$ 9,170,902	\$ 8,896,349
Total operating revenues	11,932,867	9,170,902	8,896,349
Operating Expenses:			
Personal services	259,140	531,187	951,566
Other operating expenses	5,656,272	6,577,433	3,194,396
Depreciation	4,117,212	469,137	781,446
Total operating expenses	10,032,624	7,577,757	4,927,408
Operating income (loss)	1,900,243	1,593,145	3,968,941
Nonoperating Revenues (Expenses):			
Grant income (operating)	-	-	-
Investment earnings	171,490	81,246	89,063
Other income	30,697	-	194,063
Interest expense and other fiscal charges	(686,983)	-	(154,225)
Net nonoperating revenues (expenses)	(484,796)	81,246	128,901
Income (loss) before transfers and contributions	1,415,447	1,674,391	4,097,842
Transfers and Contributions:			
Capital contributions	-	-	-
Transfers in	-	-	-
Transfers out	(1,275,627)	(1,422,839)	(2,148,829)
Total transfers and contributions	(1,275,627)	(1,422,839)	(2,148,829)
Change in net position	139,820	251,552	1,949,013
Net Position, October 1 (as restated, Note 16)	69,596,273	19,276,701	32,030,344
Net Position, September 30	\$ 69,736,093	\$ 19,528,253	\$ 33,979,357

		(Nonmajor Fund)		Governmental
Stormwater	Transit System	Garrison Bight	Total	Activities Internal Service Fund
\$ 2,062,792	\$ 1,260,298	\$ 1,959,635	\$ 35,282,843	\$ 8,936,069
<u>2,062,792</u>	<u>1,260,298</u>	<u>1,959,635</u>	<u>35,282,843</u>	<u>8,936,069</u>
65,388	1,638,210	560,108	4,005,599	164,690
653,713	944,060	515,126	17,541,000	10,939,705
1,471,545	310,150	353,352	7,502,842	-
<u>2,190,646</u>	<u>2,892,420</u>	<u>1,428,586</u>	<u>29,049,441</u>	<u>11,104,395</u>
<u>(127,854)</u>	<u>(1,632,122)</u>	<u>531,049</u>	<u>6,233,402</u>	<u>(2,168,326)</u>
-	1,410,382	-	1,410,382	-
18,776	1,920	17,117	379,612	45,298
-	37,060	150,449	412,269	1,984,047
<u>(120,589)</u>	<u>(998)</u>	<u>-</u>	<u>(962,795)</u>	<u>-</u>
<u>(101,813)</u>	<u>1,448,364</u>	<u>167,566</u>	<u>1,239,468</u>	<u>2,029,345</u>
<u>(229,667)</u>	<u>(183,758)</u>	<u>698,615</u>	<u>7,472,870</u>	<u>(138,981)</u>
2,050,650	5,602,910	-	7,653,560	-
-	600,000	-	600,000	-
<u>(396,673)</u>	<u>(218,092)</u>	<u>(243,301)</u>	<u>(5,705,361)</u>	<u>(325,331)</u>
<u>1,653,977</u>	<u>5,984,818</u>	<u>(243,301)</u>	<u>2,548,199</u>	<u>(325,331)</u>
1,424,310	5,801,060	455,314	10,021,069	(464,312)
<u>22,350,961</u>	<u>4,921,562</u>	<u>5,851,884</u>	<u>154,027,725</u>	<u>4,871,694</u>
\$ <u>23,775,271</u>	\$ <u>10,722,622</u>	\$ <u>6,307,198</u>	\$ <u>164,048,794</u>	\$ <u>4,407,382</u>

The accompanying notes to 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, 2015

	<u>Sanitary Sewer System</u>	<u>Solid Waste</u>	<u>Key West Bight</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 11,707,432	\$ 9,187,957	\$ 8,866,960
Cash received from interfund charges	-	-	-
Cash paid to suppliers	(5,649,815)	(6,293,857)	(3,130,625)
Cash paid to employees	(246,414)	(576,568)	(941,889)
Other receipts	30,697	-	194,063
Net cash provided by (used in) operating activities	<u>5,841,900</u>	<u>2,317,532</u>	<u>4,988,509</u>
Cash Flows from Noncapital Financing Activities:			
Operating grants received	-	-	-
Repayments received on advances to other funds	91,300	-	44,002
Repayments made on advances from other funds	-	-	-
Interest paid on advances from other funds	-	-	-
Transfers in	-	-	-
Transfers (out)	(1,275,627)	(1,422,839)	(2,148,829)
Net cash provided by (used in) noncapital financing activities	<u>(1,184,327)</u>	<u>(1,422,839)</u>	<u>(2,104,827)</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital grants and contributions*	-	-	-
Acquisition and construction of capital assets, net	(567,006)	195,315	(1,225,078)
Principal paid on revenue bonds	(1,704,107)	-	(1,281,571)
Interest paid and other fiscal charges	(661,571)	-	(160,286)
Repayments and payments on notes	(289,603)	-	86,195
Net cash provided by (used in) capital and related financing activities	<u>(3,222,287)</u>	<u>195,315</u>	<u>(2,580,740)</u>
Cash Flows from Investing Activities:			
Investment earnings	171,490	81,246	89,063
Net cash provided by (used in) investing activities	<u>171,490</u>	<u>81,246</u>	<u>89,063</u>
Net increase (decrease) in cash, cash equivalents and investments	1,606,776	1,171,254	392,005
Cash, Cash Equivalents and Investments, October 1	<u>12,593,790</u>	<u>9,016,684</u>	<u>10,640,286</u>
Cash, Cash Equivalents and Investments, September 30	\$ <u><u>14,200,566</u></u>	\$ <u><u>10,187,938</u></u>	\$ <u><u>11,032,291</u></u>
Reconciliation to Statement of Net Position:			
Cash, cash equivalents and investments	\$ 13,669,043	\$ 9,865,317	\$ 11,032,291
Restricted cash, cash equivalents and investments	531,523	322,621	-
Cash, cash equivalents and investments	\$ <u><u>14,200,566</u></u>	\$ <u><u>10,187,938</u></u>	\$ <u><u>11,032,291</u></u>

* Capital contributions for the year ended September 30, 2015 are all associated with cash transactions.

	<u>Stormwater</u>	<u>Transit System</u>	<u>(Nonmajor Fund) Garrison Bight</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$	2,093,328	\$ 1,237,606	\$ 1,997,711	\$ 35,090,994	\$ -
	-	-	-	-	8,881,610
	(678,418)	(1,087,242)	(487,000)	(17,326,957)	(11,548,661)
	(67,095)	(1,654,829)	(558,569)	(4,045,364)	(86,449)
	-	39,542	150,449	414,751	1,984,047
	<u>1,347,815</u>	<u>(1,464,923)</u>	<u>1,102,591</u>	<u>14,133,424</u>	<u>(769,453)</u>
	-	697,285	35,752	733,037	-
	-	-	-	135,302	-
	(219,937)	(44,002)	-	(263,939)	-
	(120,589)	(998)	-	(121,587)	-
	-	600,000	-	600,000	-
	<u>(396,673)</u>	<u>(218,092)</u>	<u>(243,301)</u>	<u>(5,705,361)</u>	<u>(325,331)</u>
	<u>(737,199)</u>	<u>1,034,193</u>	<u>(207,549)</u>	<u>(4,622,548)</u>	<u>(325,331)</u>
	1,543,878	5,751,952	-	7,295,830	-
	<u>(3,437,650)</u>	<u>(5,023,042)</u>	<u>(91,747)</u>	<u>(10,149,208)</u>	-
	-	-	-	(2,985,678)	-
	-	-	-	(821,857)	-
	-	-	-	<u>(203,408)</u>	-
	<u>(1,893,772)</u>	<u>728,910</u>	<u>(91,747)</u>	<u>(6,864,321)</u>	-
	<u>18,776</u>	<u>1,920</u>	<u>17,117</u>	<u>379,612</u>	<u>45,298</u>
	<u>18,776</u>	<u>1,920</u>	<u>17,117</u>	<u>379,612</u>	<u>45,298</u>
	(1,264,380)	300,100	820,412	3,026,167	(1,049,486)
	<u>2,963,768</u>	<u>763,477</u>	<u>1,624,858</u>	<u>37,602,863</u>	<u>5,837,333</u>
\$	<u>1,699,388</u>	\$ <u>1,063,577</u>	\$ <u>2,445,270</u>	\$ <u>40,629,030</u>	\$ <u>4,787,847</u>
\$	1,699,388	\$ 1,063,577	\$ 2,445,270	\$ 39,774,886	\$ 4,787,847
	-	-	-	854,144	-
\$	<u>1,699,388</u>	\$ <u>1,063,577</u>	\$ <u>2,445,270</u>	\$ <u>40,629,030</u>	\$ <u>4,787,847</u>

The accompanying notes to 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, 2015

	<u>Sanitary Sewer System</u>	<u>Solid Waste</u>	<u>Key West Bight</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 1,900,243	\$ 1,593,145	\$ 3,968,941
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Other nonoperating revenues	30,697	-	194,063
Depreciation	4,117,212	469,137	781,446
Decrease (increase) in assets:			
Accounts receivables, net	(211,217)	(2,584)	(24,628)
Interfund receivables, net	(349)	(1,396)	(2,165)
Prepaid expenses	-	-	(1,823)
Inventories	44,055	4,728	14,142
Net pension asset	(17,922)	(26,884)	(44,806)
Deferred outflows relating to pensions	(21,885)	(32,827)	(54,712)
Increase (decrease) in liabilities:			
Accounts payable	(37,598)	318,848	53,130
Accrued payroll and related expenses	(77)	(15,754)	9,929
Accrued expenses	-	-	(1,678)
Interfund payable, net	276	1,103	1,710
Insurance claims payable	-	-	-
Landfill closure costs payable	-	(40,000)	-
Unearned revenue	(13,869)	21,035	7,505
Customer deposits	-	-	(10,101)
OPEB liability	950	7,512	20,702
Compensated absences	20,534	(24,807)	(272)
Deferred inflows relating to pensions	30,850	46,276	77,126
Total adjustments	<u>3,941,657</u>	<u>724,387</u>	<u>1,019,568</u>
Net cash provided by (used in) operating activities	<u>\$ 5,841,900</u>	<u>\$ 2,317,532</u>	<u>\$ 4,988,509</u>

<u>Stormwater</u>	<u>Transit System</u>	<u>(Nonmajor Fund) Garrison Bight</u>	<u>Total</u>	<u>Governmental Activities Internal Service Fund</u>
\$ <u>(127,854)</u>	\$ <u>(1,632,122)</u>	\$ <u>531,049</u>	\$ <u>6,233,402</u>	\$ <u>(2,168,326)</u>
-	37,060	150,449	412,269	1,984,047
1,471,545	310,150	353,352	7,502,842	-
30,606	(22,692)	(18,330)	(248,845)	(749,670)
(70)	(3,142)	-	(7,122)	(54,877)
-	(344)	(683)	(2,850)	2,832
(1,190)	23,896	-	85,631	-
(8,961)	(80,652)	(26,884)	(206,109)	-
(10,942)	(98,481)	(32,827)	(251,674)	-
(23,515)	(166,734)	28,809	172,940	20,883
820	5,347	3,096	3,361	1,285
-	-	-	(1,678)	-
55	2,482	(323)	5,303	69,613
-	-	-	-	116,999
-	-	-	(40,000)	-
-	-	19,972	34,643	418
-	-	36,434	26,333	-
(154)	10,099	7,840	46,949	-
2,050	11,383	4,361	13,249	7,343
<u>15,425</u>	<u>138,827</u>	<u>46,276</u>	<u>354,780</u>	<u>-</u>
<u>1,475,669</u>	<u>167,199</u>	<u>571,542</u>	<u>7,900,022</u>	<u>1,398,873</u>
\$ <u><u>1,347,815</u></u>	\$ <u><u>(1,464,923)</u></u>	\$ <u><u>1,102,591</u></u>	\$ <u><u>14,133,424</u></u>	\$ <u><u>(769,453)</u></u>

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

City of Key West, Florida
Statement of Net Position
Fiduciary Funds
September 30, 2015

Assets:

Cash and cash equivalents	\$ 5,378,357
Investments, at fair value:	
Equity securities	75,698,143
Corporate and foreign bonds, and bond funds	26,279,397
Alternative investments	10,490,164
U.S. government securities	3,692,981
Municipal obligations	637,315
Real estate	4,870,000
Receivables:	
Interest and dividends	301,588
State contributions	578,511
Employee contributions	31,321
Proceeds from securities sold	<u>87,229</u>
Total assets	<u>128,045,006</u>

Liabilities:

Accounts payable and accrued expenses	172,052
Payable for securities purchased	55,445
Prepaid city contributions	<u>65,727</u>
Total liabilities	<u>293,224</u>

Net Position:

Held in trust for employees' pension benefits	<u>\$ 127,751,782</u>
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The accompanying notes to financial statements are an integral part of these statements.

City of Key West, Florida
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended September 30, 2015

Additions:

Contributions:		
Employer	\$	3,644,332
Members		1,485,522
State police and fire		<u>578,511</u>
Total contributions		<u>5,708,365</u>

Investment earnings:

Net appreciation (depreciation) in fair value of investments		(1,766,098)
Interest and dividends		<u>3,597,636</u>

Total investment earnings 1,831,538

Less: Investment expenses 661,693

Net investment earnings 1,169,845

Total additions 6,878,210

Deductions:

Benefits paid		6,940,545
Administrative expenses		305,210
Contributions refunded		<u>31,509</u>

Total deductions 7,277,264

Changes in net position (399,054)

Net Position, October 1 128,150,836

Net Position, September 30 \$ 127,751,782

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

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Individual Component Unit Disclosures

Discretely Presented Component Unit:

The Housing Authority of the City of Key West, Florida (KWH or the Authority) was created by Florida Statute Chapter 421 and by resolution of the City in 1938. The primary purpose of KWH 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 \$ 470,000 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 KWH. KWH is considered a component unit of the City and is presented discretely in these financial statements. Financial information presented herein regarding KWH reflects a December 31, 2014 year-end. Further information regarding KWH, 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 33045.

Blended Component Unit:

There are no presented blended component units 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. For the fiscal year ended September 30, 2015, the City received payment of approximately \$ 395,000. Keys Energy Services is not considered a component unit of the City.

1. Summary of Significant Accounting Policies (continued)

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

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

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

The City reports the following major governmental funds:

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

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

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

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. Currently, the fund has accumulated sufficient assets, through transfers from the infrastructure surtax fund, to continue the process of designing and constructing the new City Administration Building.

1. Summary of Significant Accounting Policies (continued)

The City reports the following major proprietary funds:

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

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

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

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

The Transit System Fund accounts for the provision of mass transit services within the City limits to the residents of the City.

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 to expenditures for specified purposes. These funds include the Law Enforcement Trust, Fort Taylor, Affordable Housing Escrow, Bahama Village, Navy Pier Payments Funds, Caroline Street, and Community.

Enterprise Fund - This fund is used to account for operations that are (1) financed primarily through user charges or (2) where the City has decided that the determination of net position is appropriate. The Garrison Bight Fund accounts for the provision of marina services to the residents of the City.

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

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

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 nor does it adopt a budget for the Community Development Office Fund, and the Community Fund.

1. Summary of Significant Accounting Policies (continued)

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 offer or other commitment is entered into. Encumbrances outstanding at year-end represent the estimated amount of expenditures which would result if unperformed purchase orders and other commitments at year-end are completed. Encumbrances lapse at year-end; however, the City generally intends to honor purchase orders and other commitments in process. As a result, encumbrances outstanding at year-end are re-appropriated in the next fiscal year and are therefore presented as committed or assigned fund balance for the subsequent year.

The legal level of control is at the major category level; i.e., personal 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 (personal service, operating, capital, debt service, aid to private organizations and transfers) and includes the proposed expenditures and the means of financing them.

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

- The City Manager may increase the total fund budget by an amount not to exceed \$ 20,000. Beyond that, the City Commission must approve the increase by resolution.
- The City Manager may make unlimited transfers within a category within a fund.
- The City Manager may make transfers among categories up to \$ 20,000. Beyond that, the City Commission must approve the transfers by resolution.
- Any of the above actions must maintain a balanced budget.

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

1. Summary of Significant Accounting Policies (continued)

The Gas Tax Fund reports operating expenditures in excess of appropriations of \$ 143,021 due to projects that were considered capital in nature, during the budget process, were later determined to be operating during the capital asset review process. Sufficient revenues and fund balance existed to cover these expenditures. The Bahama Village Fund reports operating expenditures in excess of appropriations of \$ 25,694 due to unbudgeted expenditures approved by commission for consulting services. Sufficient revenues and fund balance existed to cover these expenditures. The Capital Projects Fund reports personal services expenditures in excess of appropriations of \$ 3,708 due to retroactive pay of an unbudgeted salary adjustment for engineering staff person. Sufficient budget existed in the capital outlay category to cover these expenditures. The Infrastructure Surtax Fund reports personal services expenditures in excess of appropriations of \$ 8,546 because salary overruns due to coverage of a critical position during emergency paid leave of absence. Sufficient budget existed in the operating category to cover these expenditures.

F. Deposits and Investments

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

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

G. Receivables and Payables

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

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

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

H. Prepaid Items

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

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.

1. Summary of Significant Accounting Policies (continued)

J. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Impact fees also are classified as restricted due to statutory limitations on their usage. Other accounts are restricted by local ordinance or other regulatory requirements, including monies set aside for future landfill long-term closure costs.

K. Capital Assets

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

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
Infrastructure	30-50 years

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. It is 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 item is the deferred outflows relating to the pension plans and discussed in further detail in Note 6.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is the deferred inflows relating to the pension plans and discussed in further detail in Note 6.

1. Summary of Significant Accounting Policies (continued)

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 revenue bonds payable within the proprietary funds 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.

O. Net Position/Fund Balance

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

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

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

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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.

1. Summary of Significant Accounting Policies (continued)

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 2015, the minimum fund balance required by the City Commission at the close of the fiscal year ranges from approximately \$ 9,400,000 to \$ 11,800,000; therefore, unassigned fund balance is within 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 expenses during the reporting period. Actual results could differ from those estimates.

R. Date of Management Review

Subsequent events were evaluated by management through June 21, 2016, which is the date the financial statements were available to be issued.

2. Deposits and Investments

A. Deposits

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

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

At September 30, 2015, the carrying amount of the City's deposits was \$ 8,797,142, with a bank balance of \$ 10,881,704. Included in the carrying amount of deposits was approximately \$ 4,200 cash on hand.

2. Deposits and Investments (continued)

B. Investments

As of September 30, 2015, the carrying value of the City's cash, cash equivalents and investments, was as follows:

	<u>Cash</u>	<u>Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
Cash, cash equivalents and investments	\$ 8,797,142	\$ 18,816,437	\$ 78,314,163	\$ 105,927,742
Restricted cash, cash equivalents, and investments	-	-	854,144	854,144
	<u>\$ 8,797,142</u>	<u>\$ 18,816,437</u>	<u>\$ 79,168,307</u>	<u>\$ 106,781,886</u>

As of September 30, 2015, the City's investment maturities and credit ratings were as follows:

	<u>Market Value</u>	<u>Investment Maturities (in Years)</u>		<u>S & P Credit Rating</u>
		<u>Less than 1</u>	<u>1-5</u>	
U.S. Government and Government Sponsored Entity Bonds/Notes	\$ 59,354,273	\$ 3,916,542	\$ 55,437,731	AA+
Certificates of Deposit	100,000	100,000	-	Not Rated
Money Market				
Mutual Funds	155,029	155,029	-	AAAm
Municipal Obligations	6,765,490	5,904,218	861,272	AA or AA+
Commercial Paper	12,948,544	12,948,544	-	A-1+ through AA
State Investment Pool:				
Florida Prime	18,661,408	18,661,408	-	AAAm
	<u>\$ 97,984,744</u>	<u>\$ 41,685,741</u>	<u>\$ 56,299,003</u>	

As of September 30, 2015, the City's investments are distributed among funds as follows:

	<u>Cash Equivalents</u>	<u>Investments</u>
Governmental Funds:		
General Fund	\$ 3,515,340	\$ 14,771,766
Community Development Office Fund	-	100,000
Gas Tax Fund	361,824	1,520,414
Infrastructure Surtax Fund	3,207,872	13,479,756
Capital Projects Fund	2,575,854	10,823,964
Nonmajor Governmental Funds	1,066,682	4,482,293
	<u>10,727,572</u>	<u>45,178,193</u>
Enterprise Funds:		
Sanitary Sewer System	2,529,268	10,628,204
Solid Waste	1,814,533	7,624,825
Key West Bight	1,964,805	8,256,282
Stormwater	302,679	1,271,882
Transit System	189,341	795,626
Nonmajor Enterprise Fund	435,474	1,829,902
	<u>7,236,100</u>	<u>30,406,721</u>
Internal Service Fund	852,765	3,583,393
Total	<u>\$ 18,816,437</u>	<u>\$ 79,168,307</u>

2. Deposits and Investments (continued)

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, 2015 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, 2015, 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:

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

2. Deposits and Investments (continued)

At September 30, 2015, the City’s investment portfolio, excluding pension funds and funds related to the issuance of debt, is as follows:

<u>Issue:</u>	<u>Percent of Investment Portfolio</u>
U.S. Government Securities - Treasuries Florida Local Government Surplus Funds (SBA)	42.0% 19.0%
Federal Instrumentalities - U.S. Government Sponsored Agencies Commercial Paper	18.6% 13.2%
State and/or Local Government Debt (Municipal Obligations)	6.9%
Money Market Mutual Funds	0.2%
Certificates of Deposit	0.1%

GASB Statement 40 requires disclosure when the percentage is 5% or more in any one issuer. The investments in the Federal Home Loan Bank (FHLB) are 8.30% (approximately \$ 8,122,000), the Federal National Mortgage Association (Fannie Mae) are 6.40% (approximately \$ 6,265,000), the Banque Nationale de Paris Paribas (BNP) are 5.90% (approximately \$ 5,737,000), and the Federal Home Loan Mortgage Corporation (Freddie Mac) are 5.40% (approximately \$ 5,327,000). Given the restriction to the highest rating, the additional concentration is not viewed to be an additional risk by the City.

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, 2015, all of the City’s investments are held in a bank’s trust department in the City’s name, nominee registration.

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 exposed to foreign credit risk.

C. Investments - Pension Plans

As of September 30, 2015, the City’s pension plans had the following investments:

	<u>General Employees Retirement Plan</u>	<u>Police Officers and Firefighters Retirement Plan</u>
Equity Securities	\$ 26,062,452	\$ 49,635,691
Corporate and Foreign Bonds, and Bond Funds	12,854,612	13,424,785
Alternative Investments	5,519,795	4,970,369
U.S. Government Securities	1,313,028	2,379,953
Municipal Obligations	555,687	81,628
Real Estate	-	4,870,000
	<u>\$ 46,305,574</u>	<u>\$ 75,362,426</u>

2. Deposits and Investments (continued)

As of September 30, 2015, the Plans' investment maturities and credit ratings were as follows:

General Employees Retirement Plan:

	Market Value	Investment Maturities (in Years)				S & P Credit Rating
		Less than 1	1 - 5	6 - 10	More than 10	
U.S. Government Securities - Bonds and Notes	\$ 796,183	\$ -	\$ 332,299	\$ 125,030	\$ 338,854	Aaa**
U.S. Government Securities - Mortgage/Asset Backed	516,845	1,116	42,925	25,061	447,743	Not Rated
Municipal Obligations	555,687	-	137,747	-	417,940	AAA through AA-
Corporate and Foreign Bonds, and Bond Funds *	<u>12,854,612</u>	<u>2,287,715</u>	<u>4,146,520</u>	<u>5,066,970</u>	<u>1,353,407</u>	AAA through BB
	<u>\$ 14,723,327</u>	<u>\$ 2,288,831</u>	<u>\$ 4,659,491</u>	<u>\$ 5,217,061</u>	<u>\$ 2,557,944</u>	

* Includes \$ 124,970 which is rated BB, \$ 654,473 which is rated BBB-, \$ 994,188 which is rated BBB and \$ 2,321,885 which is rated BBB+. All other investments within this category are rated amongst the "A" rating.

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

The General Employees' Pension Plan includes \$ 798,263 (money market fund - AAAM) in cash equivalents with a maturity of less than 3 months.

Police Officers and Firefighters Retirement Plan:

	Market Value	Investment Maturities (in Years)				S & P Credit Rating
		Less than 1	1 - 5	6 - 10	More than 10	
U.S. Government Securities *	\$ 2,379,953	\$ 590,460	\$ 700,266	\$ 10,453	\$ 1,078,774	Not Rated
Corporate and Foreign Bonds, and Bond Funds	13,424,785	557,881	7,256,265	4,484,295	1,126,344	AAA through B**
Municipal Obligations	<u>81,628</u>	<u>-</u>	<u>81,628</u>	<u>-</u>	<u>-</u>	AAA through B**
	<u>\$ 15,886,366</u>	<u>\$ 1,148,341</u>	<u>\$ 8,038,159</u>	<u>\$ 4,494,748</u>	<u>\$ 2,205,118</u>	

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

** Includes \$ 6,008,452 rated amongst the "B" rating group, and \$ 545,785 are 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.

2. Deposits and Investments (continued)

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, 2015, the General Employees Retirement Plan had investments with American Core Realty Fund, LLC amounting to approximately 11.7% or \$ 5,500,000 of the total Plan’s investments. The Police Officers and Firefighters Retirement Plan had no total investments in any one issuer that represent 5% or more of the Plan’s total investments.

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

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

D. 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, 2014, the Authority’s book balance of cash was \$ 6,870,617 and the bank balance was \$ 6,986,994.

As of December 31, 2014, cash is reported as follows:

Cash - unrestricted	\$	5,255,782
Cash - restricted		<u>1,614,835</u>
Total	\$	<u><u>6,870,617</u></u>

In addition, the component unit’s pension plan deposits amounting to \$ 216,163 (\$ 216,477 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, 2014, the Plan had the following investments:

Equity Mutual Funds:		
Vanguard Index TR 500 Port Mutual Fund*(1)	\$	1,771,416
Vanguard Dividend Growth Fund*(1)		1,078,438
Vanguard Total Intl Stock Index*(1)		888,708
Oakmark International Small Cap*		264,891

2. Deposits and Investments (continued)

Fixed Income Mutual Funds:	
PIMCO Investment Grd Corp-IN*(1)	619,493
PIMCO Income Fund-Ins*(1)	539,097
Dodge & Cox Income Fund*(1)	419,118
Absolute Return Mutual Funds:	
PIMCO All Asset Fund*(1)	625,693
Westwood Income Opportunity Instl*(1)	614,104
Money Market:	
Goldman Sach Fin Sq Tr*	2,000
	\$ 6,822,958

* Investment maturity is less than one year.
(1) Investment subject to concentration credit risk.

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

Concentration credit risk - The Plan had eight investments in four organizations that exceeded five percent of its net plan assets at year-end and noted above.

3. Receivables and Deferred Inflows of Resources – Grant Funding

Receivables at September 30, 2015 consist of the following:

Receivable Type:	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Fiduciary	Total
Interest and dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301,588	\$ 301,588
Accounts	1,476,896	6,435	-	4,499,255	1,948,468	-	7,931,054
Mortgages	-	2,437,128	-	-	-	-	2,437,128
Intergovernmental	587,228	266,153	781,633	1,649,134	-	578,511	3,862,659
Proceeds from securities sold	-	-	-	-	-	87,229	87,229
Other	-	-	-	-	-	31,321	31,321
Gross receivables	2,064,124	2,709,716	781,633	6,148,389	1,948,468	998,649	14,650,979
Less allowance for uncollectible	-	1,116,818	-	2,071,883	-	-	3,188,701
Net receivables	\$ 2,064,124	\$ 1,592,898	\$ 781,633	\$ 4,076,506	\$ 1,948,468	\$ 998,649	\$ 11,462,278

As of September 30, 2015, deferred inflows of resources - grant funding is comprised of the items as follows:

Intergovernmental:	
Department of Homeland Security - FEMA	\$ 103,456
United States Department of Justice	8,630
State of Florida Department of Transportation	27,664
	\$ 139,750

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

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, 2015, was 2.7743 per \$ 1,000 of assessed taxable property value. The final taxable value amounted to \$ 5,655,809,226. 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, 2015, there were no material property tax receivables.

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

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 allowance for uncollectible accounts of \$ 1,116,818 shown below is related to grant provisions allowing for contractual forgiveness of repayment.

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

Frederick Douglas Square Project (HODAG)	\$	2,233,636
Homebuyer Assistance Program		139,633
Mayor’s Revolving Loan Fund (low interest)		<u>63,859</u>
Gross mortgages receivable		2,437,128
Less allowance for uncollectible mortgages		<u>1,116,818</u>
Net mortgages receivable	\$	<u><u>1,320,310</u></u>

Note receivable - The City previously entered into a promissory note with an entity in exchange for building improvements on a property to be leased by the City to this entity. The note bears interest at the prime rate as determined by the 1-year LIBOR plus 1% (1.84% at September 30, 2015) until the note matures in August 2034. At September 30, 2015 the balance of this note receivable was approximately \$ 1,900,000, and is reflected in the Key West Bight Fund.

Component Unit:

Accounts receivable represent amounts due from tenants (dwelling rents) of \$ 18,757 net of allowance for uncollectibles of \$ 7,586. Intergovernmental receivables represent amounts due from the federal and other governments of \$ 442,185 net of allowance for uncollectibles of \$ 33,539.

City of Key West, Florida
Notes to Financial Statements
September 30, 2015

4. Capital Assets

Capital asset activity for fiscal year ended September 30, 2015 is as follows:

	Beginning Balance	Increases	(Decreases)	CIP/ Adjustments Increases (Decreases)	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 55,899,880	\$ -	\$ -	\$ -	\$ 55,899,880
Construction in progress	<u>10,160,785</u>	<u>10,972,834</u>	<u>-</u>	<u>(26,651)</u>	<u>21,106,968</u>
Total capital assets, not being depreciated	<u>66,060,665</u>	<u>10,972,834</u>	<u>-</u>	<u>(26,651)</u>	<u>77,006,848</u>
Capital assets, being depreciated:					
Buildings and improvements	18,005,154	422,383	(62,808)	-	18,364,729
Machinery, equipment and furniture	20,939,799	1,268,724	(737,687)	-	21,470,836
Infrastructure	<u>49,083,358</u>	<u>798,386</u>	<u>-</u>	<u>26,651</u>	<u>49,908,395</u>
Total capital assets, being depreciated	<u>88,028,311</u>	<u>2,489,493</u>	<u>(800,495)</u>	<u>26,651</u>	<u>89,743,960</u>
Less accumulated depreciation for:					
Buildings and improvements	6,576,116	428,636	(62,808)	-	6,941,944
Machinery, equipment and furniture	15,290,366	1,638,594	(735,940)	-	16,193,020
Infrastructure	<u>25,332,745</u>	<u>1,801,452</u>	<u>-</u>	<u>-</u>	<u>27,134,197</u>
Total accumulated depreciation	<u>47,199,227</u>	<u>3,868,682</u>	<u>(798,748)</u>	<u>-</u>	<u>50,269,161</u>
Total capital assets, being depreciated, net	<u>40,829,084</u>	<u>(1,379,189)</u>	<u>(1,747)</u>	<u>26,651</u>	<u>39,474,799</u>
Governmental activities capital assets, net	<u>\$ 106,889,749</u>	<u>\$ 9,593,645</u>	<u>\$ (1,747)</u>	<u>\$ -</u>	<u>\$ 116,481,647</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 18,681,034	\$ -	\$ -	\$ -	\$ 18,681,034
Construction in progress	<u>11,037,582</u>	<u>9,684,153</u>	<u>-</u>	<u>(8,748,774)</u>	<u>11,972,961</u>
Total capital assets, not being depreciated	<u>29,718,616</u>	<u>9,684,153</u>	<u>-</u>	<u>(8,748,774)</u>	<u>30,653,995</u>
Capital assets, being depreciated:					
Buildings and improvements	45,797,340	-	-	637,757	46,435,097
Infrastructure	159,645,541	41,873	-	8,111,017	167,798,431
Machinery, equipment and furniture	<u>16,445,335</u>	<u>2,149,456</u>	<u>(645,006)</u>	<u>-</u>	<u>17,949,785</u>
Total capital assets, being depreciated	<u>221,888,216</u>	<u>2,191,329</u>	<u>(645,006)</u>	<u>8,748,774</u>	<u>232,183,313</u>
Less accumulated depreciation for:					
Buildings and improvements	28,392,421	1,678,725	-	-	30,071,146
Infrastructure	61,238,962	5,349,936	-	-	66,588,898
Machinery, equipment and furniture	<u>15,170,582</u>	<u>474,181</u>	<u>(644,504)</u>	<u>-</u>	<u>15,000,259</u>
Total accumulated depreciation	<u>104,801,965</u>	<u>7,502,842</u>	<u>(644,504)</u>	<u>-</u>	<u>111,660,303</u>
Total capital assets, being depreciated, net	<u>117,086,251</u>	<u>(5,311,513)</u>	<u>(502)</u>	<u>8,748,774</u>	<u>120,523,010</u>
Business-type activities capital assets, net	<u>\$ 146,804,867</u>	<u>\$ 4,372,640</u>	<u>\$ (502)</u>	<u>\$ -</u>	<u>\$ 151,177,005</u>

Total depreciation expense for the current fiscal year amounted to \$ 11,371,524.

4. Capital Assets (continued)

For the year ended September 30, 2015, depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,979,866
Public safety	1,068,843
Transportation	479,998
Culture and recreation	339,742
Human services	<u>233</u>
Total depreciation expense - governmental activities	\$ <u><u>3,868,682</u></u>
Business-type activities:	
Sanitary sewer system	\$ 4,117,212
Stormwater	1,471,545
Key West Bight	781,446
Solid waste	469,137
Garrison Bight	353,352
Transit system	<u>310,150</u>
Total depreciation expense - business-type activities	\$ <u><u>7,502,842</u></u>

Component Unit:

The following summarizes capital assets from The Housing Authority of the City of Key West, Florida's proprietary fund at December 31, 2014:

Building and improvements	\$ 66,462,006
Machinery, equipment, and furniture	1,340,940
Infrastructure	<u>1,167,753</u>
	68,970,699
Less accumulated depreciation	<u>27,982,379</u>
	40,988,320
Land	<u>10,748,552</u>
Net capital assets	\$ <u><u>51,736,872</u></u>

Total depreciation expense for the year ended December 31, 2014 amounted to approximately \$ 1,626,000. 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 restricted assets of \$ 531,523 that are restricted by specific provisions of bond ordinances. The Solid Waste Fund has restricted assets of \$ 104,316 and \$ 218,305 as part of its landfill post closure care requirements and impact fee usage restrictions, respectively. Assets so designated are identified as restricted assets on the balance sheet and statement of net position, as applicable.

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

6. Pension Plans

General Employees Retirement Plan and Police Officers and Firefighters Retirement Plan:

General Information - The City contributes to two single-employer defined benefit pension plans: the General Employees Retirement Plan (GERP) and the Police Officers and Firefighters Retirement Plan (PFRP). Each plan provides retirement, disability, and death benefits to plan members and beneficiaries. Part II of the Code of Ordinances, Title I (Administration), Section 5 (Pension) assigns the sale and exclusive administration of and the responsibility for the proper effective operation of the retirement plans to the Board of Trustees of each retirement plan. All changes recommended by the Board of Trustees are subject to City Commission approval. Participants should refer to the plan documents for more complete information. The PFRP retirement board issues a publicly available report that includes financial statements and required supplementary information. This financial report may be obtained by writing to Pension Plan Administrator, Post Office Box 1409, Key West, Florida 33041-1409.

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. These retirement plans do not have long-term contracts for contributions.

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.

6. Pension Plans (continued)

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.

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 service. An early retirement benefit is accrued to date of retirement, reduced by 1/15th for each year prior to normal retirement to reflect commencement of benefit at an earlier age.

Deferred Retirement Option Plan (the "DROP") - Members who have obtained normal retirement age, as described above, are eligible for the Deferred Retirement Option Plan (the "DROP"). Participation in the DROP must be exercised within the first thirty years of employment; provided, however, that participation in the DROP, when combined with participation in the retirement plan as an active member may not exceed thirty years. The maximum period of participation in the DROP is five years. Once a member enters the DROP, the monthly retirement benefit is frozen, and the monthly benefit is paid into the DROP account. Upon termination of employment, the balance in the member's DROP account, including interest, is payable to them and they also begin to receive the frozen monthly retirement benefit. The value of the total DROP balance at September 30, 2015 was \$ 637,835.

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

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

Police Officers and Firefighters Retirement Plan (PFRP):

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

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

6. Pension Plans (continued)

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

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

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

Deferred Retirement Option Plan (the "DROP") - The plan established a Deferred Retirement Option Plan ("DROP"), which offers active members the opportunity, prior to retirement, working and simultaneously accumulate pension benefits. Once an active member has attained eligibility for normal service retirement, the member can exercise the option to participate in the DROP. Participation in the DROP must be exercised within the first thirty years of employment, provided that participation in the DROP when combined with participation in the pension plan may not exceed thirty years. When a member enters the DROP, the pension payments that the member would have received had he or she actually separated from service are deposited into an account for the member's benefit and are invested as part of the plan. The member ceases making contributions to the plan during his or her DROP participation and is no longer eligible to earn additional service credit during the DROP period. The DROP shall earn interest based upon the actual earnings of the plan or a fixed rate of return of 6.5%, based on which method the member selected. The maximum participation in the DROP is 5 years. The value of the total DROP balance at September 30, 2015 was \$ 9,423,266.

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

Contributions – Member contributions are equal to 7% of their basic annual compensation and each member's actual contributions are individually accumulated. If a member leaves the service of the City with less than 10 years of credited service, all accumulated member contributions are returned to the member. The City is required to contribute an actuarially determined amount that, when combined with member contributions and allowable contributions from the State of Florida, will fully provide for all benefits as they become payable. The City Received \$ 578,511 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.

6. Pension Plans (continued)

Plan membership data at October 1, 2014 was as follows:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan
	<u> </u>	<u> </u>
Active employees	245	145
Inactive employees: Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>148</u>	<u>125</u>
Total	<u><u>393</u></u>	<u><u>270</u></u>

Net Pension (Asset) Liability:

The City's net pension (asset) liability was determined based on a measurement date of September 30, 2014 for both plans.

The components of the net position (asset) liability of the City at September 30, 2015, were as follows:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan
	<u> </u>	<u> </u>
Total pension liability	\$ 44,029,771	\$ 84,221,663
Plan fiduciary net position	<u>(47,883,789)</u>	<u>(80,267,047)</u>
Net pension (asset) liability	<u><u>\$ (3,854,018)</u></u>	<u><u>\$ 3,954,616</u></u>
Plan fiduciary net position as a percentage of the total pension (asset) liability	108.75%	95.30%

Actuarial Assumptions: The total pension (asset) liability at September 30, 2014 was determined by using (asset) actuarial valuations as of October 1, 2013, with update procedures used to roll forward the total pension (asset) liability to September 30, 2014. The actuarial valuations used the following actuarial assumptions:

6. Pension Plans (continued)

	General Employees Retirement Plan
	<u>Plan</u>
Inflation	3.00%
Salary increases	3.75%-6.00%
Investment rate of return	7.50%, net of investment expenses
Mortality	Healthy members: RP-2000 Combined Mortality was used with separate rates for males and females and fully generational improvements projected with Scale BB to each future decrement date. Disabled members: RP-2000 Combined Disabled Mortality was used with separate rates for males and females and fully generational improvements projected with Scale BB to each future decrement date.
	Police Officers and Firefighters Retirement Plan
	<u>Plan</u>
Inflation	2.50%
Salary increases	4.50%
Investment rate of return	8.92%, net of investment expenses
Mortality	For healthy participants, the 1983 Group Annuity Mortality Table was used with separate rates for males and females. For disabled participants, the 1985 Pension Disability Table was used with separate rates for males and females.

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

General Employees Retirement Plan:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	50%	7.5%
International equities	10%	8.5%
Domestic fixed income	25%	3.5%
International fixed income	5%	4.5%
Real estate	10%	5.5%
Total	<u>100%</u>	

6. Pension Plans (continued)

Police Officers and Firefighters Retirement Plan:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	45%	7.5%
International equities	15%	8.5%
Fixed income	25%	3.5%-4.5%
Real estate	5%	5.5%
Alternatives	10%	N/A
Total	100%	

Rate of Return: For the year ended September 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.95% for GERP and (0.2%) for PFRP. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate: The discount rate used to measure the total pension (asset) liability was 7.50% and 8.92% 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.

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, 2013, Measurement Date	\$ 41,323,353	\$ 44,281,241	\$ (2,957,888)
Changes for the year:			
Service cost	1,134,108	-	1,134,108
Interest	3,149,825	-	3,149,825
Differences between expected and actual experience	(795,460)	-	(795,460)
Assumption changes	1,479,338	-	1,479,338
Contributions - Employer	-	919,864	(919,864)
Contributions - Employee	-	655,206	(655,206)
Net investment income	-	4,431,002	(4,431,002)
Benefit payments	(2,261,393)	(2,261,393)	-
Administrative expenses	-	(142,131)	142,131
Net changes	2,706,418	3,602,548	(896,130)
Balances, as of September 30, 2014, Measurement Date	\$ 44,029,771	\$ 47,883,789	\$ (3,854,018)

6. Pension Plans (continued)

Police Officers and Firefighters Retirement Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances, as of September 30, 2013, Measurement Date	\$ 79,054,120	\$ 71,857,797	\$ 7,196,323
Changes for the year:			
Service cost	1,481,268	-	1,481,268
Interest	7,063,784	-	7,063,784
Differences between expected and actual experience	687,542	-	687,542
Contributions - Employer	-	2,975,423	(2,975,423)
Contributions - State	-	727,859	(727,859)
Contributions - Employee	-	764,013	(764,013)
Net investment income	-	8,116,554	(8,116,554)
Benefit payments	(4,065,051)	(4,065,051)	-
Administrative expenses	-	(109,548)	109,548
Net changes	<u>5,167,543</u>	<u>8,409,250</u>	<u>(3,241,707)</u>
Balances, as of September 30, 2014, Measurement Date	<u>\$ 84,221,663</u>	<u>\$ 80,267,047</u>	<u>\$ 3,954,616</u>

The net pension asset and related components for GERP are allocated to the governmental activities and business-type activities based on the distribution of current year contributions to the plan. At September 30, 2015, it is distributed 77% to governmental activities and 23% business-type activities. Total net pension liability and related components for the PFRP are distributed 100% to the governmental activities

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
General Employees Retirement Plan:			
Net Pension (Asset) Liability	\$ <u>1,101,444</u>	\$ <u>(3,854,018)</u>	\$ <u>(8,000,580)</u>
	1% Decrease 7.92%	Current Discount Rate 8.92%	1% Increase 9.92%
Police Officers and Firefighters Retirement Plan:			
Net Pension (Asset) Liability	\$ <u>11,214,599</u>	\$ <u>3,954,616</u>	\$ <u>(2,254,490)</u>

6. Pension Plans (continued)

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

For the year ended September 30, 2015, the City recognized pension expense in GERP and PRFP of \$ 395,111 and \$ 1,230,168, respectively. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

General Employees Retirement Plan:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 842,957	\$ -
Differences between expected and actual experience	-	629,739
Changes of assumptions or other inputs	1,171,143	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>912,781</u>
Total	\$ <u>2,014,100</u>	\$ <u>1,542,520</u>
Police Officers and Firefighters Retirement Plan:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 3,379,886	\$ -
Amortization payments	(101,109)	(338,757)
Investment gain/loss	-	1,693,783
Demographic gain/loss	<u>687,542</u>	<u>-</u>
Total	\$ <u>3,966,319</u>	\$ <u>1,355,026</u>

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

<u>Year Ending September 30,</u>	<u>General Employees Retirement Plan</u>	<u>Police Officers and Firefighters Retirement Plan</u>
2016	\$ 757,236	\$ 3,142,238
2017	(85,721)	(237,648)
2018	(85,721)	(237,648)
2019	(114,214)	(237,646)
2020	-	101,109
Thereafter	-	80,888
Total	\$ <u>471,580</u>	\$ <u>2,611,293</u>

6. Pension Plans (continued)

Pension Trust Funds:

The City maintains two pension trust funds to account for its fiduciary responsibility. The following condensed statements present the net position held in trust for pension benefits at September 30, 2015 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	\$ 824,855	\$ 4,553,502	\$ 5,378,357
Investments at fair value	46,305,574	75,362,426	121,668,000
Other	111,791	886,858	998,649
Total assets	47,242,220	80,802,786	128,045,006
Liabilities:			
Accounts payable and accrued expenses	86,309	85,743	172,052
Payable for securities purchased	-	55,445	55,445
Prepaid city contributions	-	65,727	65,727
Total liabilities	86,309	206,915	293,224
Net position held in trust for pension benefits	\$ 47,155,911	\$ 80,595,871	\$ 127,751,782

Condensed Statements of Changes in
Net Position:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
Additions:			
Contributions	\$ 1,551,210	\$ 4,157,155	\$ 5,708,365
Net investment earnings	555,804	614,041	1,169,845
Total additions	2,107,014	4,771,196	6,878,210
Deductions:			
Benefits paid	2,671,762	4,268,783	6,940,545
Administrative expenses	163,130	142,080	305,210
Contributions refunded	-	31,509	31,509
Total deductions	2,834,892	4,442,372	7,277,264
Changes in net position	\$ (727,878)	\$ 328,824	\$ (399,054)

6. Pension Plans (continued)

Component Unit:

Retirement System for Employees of The Housing Authority of the City of Key West, Florida

Plan description - The Authority maintains a single-employer defined benefit pension plan (the "Plan") administered by a Board of Trustees. Retirement, disability, and death benefits are provided to plan members and beneficiaries. KWAH holds the authority to establish and amend benefit provisions. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to The Housing Authority of the City of Key West, Florida, 1400 Kennedy Drive, Key West, Florida 33045.

Summary of significant accounting policies - The Plan uses the accrual basis of accounting. Employer contributions to the Plan 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. The investments are valued at the last reported sales price. The Plan does not have any long-term contracts for contributions.

Funding policy and annual pension cost - The contribution requirement of the KWAH's Plan is approved annually by the KWAH Board of Commissioners. Plan members shall not make any contributions to the Plan. KWAH is required to contribute at an actuarially determined rate; the current rate is 17.20% of covered payroll. KWAH's annual pension cost for the year ended December 31, 2014 and related information for the Plan is provided herein.

For the year ended December 31, 2014, the retirement contributions and plan costs are as follows:

Annual Required Contribution (ARC)	\$	458,146
Interest on net pension obligation (asset)		(18,475)
Adjustments to ARC		<u>20,509</u>
Annual pension cost		460,180
KWAH contributions		<u>(461,286)</u>
(Increase) decrease in net pension obligation (asset)		(1,106)
Net pension obligation (asset), beginning of year		<u>(230,935)</u>
Net pension obligation (asset), end of year	\$	<u><u>(232,041)</u></u>

6. Pension Plans (continued)

Actuarial assumptions and methods:

Actuarial valuation date	01/01/14
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	22 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	4.50%
Includes inflation at	3.50%
Cost-of-living adjustment	1.50%
Change since last valuation	None

Three-Year Trend Information:

Housing Authority Employee Retirement Plan:

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percent of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/11	\$ 455,852	106%	\$ (219,776)
12/31/12	\$ 445,769	103%	\$ (230,935)
12/31/13	\$ 460,180	100%	\$ (232,041)

Schedule of Funding Progress: The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. An analysis of funding progress (the last three plan year's valuation dates) is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded/ (Overfunded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
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Housing Authority Employees Retirement Plan (dollars in thousands):

01/01/12	\$ 5,211	\$ 7,191	\$ 1,980	72.5%	\$ 2,873	68.9%
01/01/13	\$ 5,571	\$ 7,730	\$ 2,159	72.1%	\$ 2,784	77.6%
01/01/14	\$ 6,616	\$ 8,713	\$ 2,097	75.9%	\$ 2,662	78.8%

6. Pension Plans (continued)

Net Pension Liability:

The components of the net pension liability of the Authority at December 31, 2014, were as follows:

Total pension liability	\$ 9,269,083
Plan fiduciary net position	<u>(7,087,479)</u>
Net position liability (asset)	<u>\$ 2,181,604</u>
Plan fiduciary net position as a percentage of the total pension liability	76.46%

7. Other Post-Employment Health Care Benefits

GASB Statement No. 45: *Accounting for Financial Reporting by Employers for Postemployment Benefits Other than Pensions* ("OPEB"), establishes accounting standards for postretirement benefits. The statement does not require funding of OPEB expense, but any difference between the annual required contribution ("ARC") and the amount funded during the year is required to be recorded in the employer's Statement of Net Position as an increase (or decrease) in the cumulative OPEB obligation. Recognition of the liability accumulated for prior years is phased in over 30 years, commencing with the 2009 liability.

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 insurance and dental benefits are portable and the retiree must pay premiums to the carrier directly. As of September 30, 2015, there are 22 participating retirees in the group health program.

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

Annual OPEB Cost and Net OPEB Obligation: The following table shows the components of the City's annual OPEB cost for the year, the amount contributed, and the change in the net OPEB obligation (dollars in thousands).

Required Contribution rates:	
Employer	Pay-as-you-go
Plan members	N/A
Annual required contribution	\$ 954
Interest on net OPEB obligation	120
Adjustment to annual required contribution	<u>(167)</u>
Annual OPEB cost	907
Estimated employer contributions	<u>(221)</u>
Increase in net OPEB obligation	686
Net OPEB obligation, beginning of year	<u>3,004</u>
Net OPEB obligation, end of year	<u>\$ 3,690</u>

7. Other Post-Employment Health Care Benefits (continued)

The City's annual OPEB cost, the percentage of annual OPEB costs contributed to the Plan, the net OPEB obligation and trend information are as follows (dollars in thousands):

<u>Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
09/30/13	\$ 822	37%	\$ 2,477
09/30/14	\$ 838	37%	\$ 3,004
09/30/15	\$ 907	24%	\$ 3,690

Other post-employment benefit obligations attributable to governmental activities are generally liquidated by the General Fund or by the appropriate proprietary fund for business-type activities.

Funding Status and Funding Progress: The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. An analysis of funding progress (the last plan year valuation date) is as follows (dollars in thousands):

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded/ (Overfunded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
09/30/15	\$ -	\$ 8,139	\$ 8,139	0.0%	\$ 24,770	32.9%

The actuarial valuation for 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 City are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The City has not contributed assets to the plan at this time.

Actuarial Methods and Assumptions: Projections of benefits are based on the substantive plan and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the City and the Plan members at that point. Actuarial calculations reflect a long term perspective and employ methods and assumptions that are designed to reduce the short term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions used for the valuation are as follows:

Measurement Date:	September 30, 2015
Actuarial Cost Method:	Projected Unit Credit (level dollar)
Amortized Method:	Level dollar, open
Remaining Amortized Period:	30 years
Asset Valuation Method:	Not applicable
Actuarial Assumptions:	
Return on plan assets	Not applicable
Salary scale	Not applicable
Discount Rate	4.00%
Inflation Rate	6.50% in 2015 graded down to 4.50% in 2019.
Changes since last valuation	Mortality updated to 2015 tables.

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 2015, a total of approximately \$ 3,794,000 was incurred/paid in benefits and claims. In fiscal year 2015, the fund provided coverage up to \$ 325,000 for each worker's compensation claim, \$ 100,000 per occurrence for public officials, general liability, and employee benefits liability, \$ 25,000 per claim for crime coverage, \$ 100,000 for each auto/general liability claim, and \$ 25,000 for each property claim other than wind and flood. 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 with a \$ 35,000 minimum. Self-insurance retention, per occurrence, for flood is 5% or excess amount as covered by the National Flood Insurance Program with a \$ 5,000,000 annual limit.

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

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

All funds of the City participate in the program and make payments to the Insurance Programs Fund based on estimates of the amounts needed to pay prior and current year claims, establish reserves for future claims and provide for administrative costs of the program. Interfund premiums are based upon the insured funds' number of employees and value of facilities and are reported as quasi-external interfund transactions. A liability for workers' compensation, general liability and property claims of \$ 2,403,000 is reported in the fund at September 30, 2015. This amount has been discounted to present value at an assumed investment rate of 3.0%, and an approximate 75% confidence level. Changes in the fund's workers compensation, general liability and property claims on an undiscounted basis during the past three years are as follows (in thousands):

9. Risk Management (continued)

Fiscal Year	Beginning Liability	Claims Incurred	Estimated Prior Claims	Claims Paid and Adjustments	Ending Liability
2013	\$ 3,740	\$ 825	\$ (2,765)	\$ 1,067	\$ 2,867
2014	\$ 2,867	\$ 1,100	\$ 581	\$ (2,138)	\$ 2,410
2015	\$ 2,410	\$ 1,600	\$ 18	\$ (1,566)	\$ 2,462

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

10. Accrued Compensated Absences

At September 30, 2015, 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, 2015 was \$ 4,112,492 for all funds.

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

11. Construction and Other Significant Commitments

A. Construction Commitments

The following table presents the approximate significant construction commitments outstanding at September 30, 2015:

	<u>Estimated Remaining Construction Commitments</u>
Gas Tax Fund:	
Rights of Way Improvements	\$ 1,093,000
Capital Projects Fund:	
New City Hall	\$ 7,873,000
Caroline Street Fund:	
Caroline Street Improvements	\$ 2,747,000

11. Construction and Other Significant Commitments (continued)

	<u>Estimated Remaining Construction Commitment</u>
Solid Waste Fund:	
Solid Waste to Energy Project	\$ 363,000
Sanitary Sewer Fund:	
Pump Station F Capacity Expansion	\$ 1,479,000
Key West Bight Fund:	
Piling Replacement at Marina	\$ 375,000
Key West Night Common Area Enhancements	\$ 358,000
Transit System Fund:	
Transit Facility	\$ 1,998,000
Transit Facility Equipment	\$ 1,152,000

B. Landfill Closure

The City had previously received notification from the Florida Department of Environmental Protection (FDEP) that its landfill had been considered officially closed as of April 26, 1996. For the current year, for FDEP financial assurance costs estimate purposes, the City chose to update the maximum cost estimate by using an inflationary factor of 1.014%. By using this factor, the City reported to the FDEP an inflation adjusted long-term care cost estimate of \$ 97,395 for the final remaining year. In accordance with the landfill long-term care escrow agreement between the City of Key West and the Florida Department of Environmental Protection, the City has set aside in a restricted cash account the amount of \$ 104,316 as of September 30, 2015, which represents more than the required annual amount of \$ 97,395.

Landfill closure costs payable at September 30, 2015 was \$ 23,333. This amount will be fully amortized in fiscal year 2016.

C. Operating Leases

The City currently has an operating lease agreement for the use of office space through December 2016. The current agreement calls for rent payments of approximately \$ 13 per square foot per year, increased by 3.0% annually, plus common area maintenance. Based on total office space available under the agreement, the current monthly installments are approximately \$ 28,000, plus common area maintenance. The total rental expense in connection with this agreement in 2015 was approximately \$ 440,000. In addition, the City leases office equipment under various agreements at approximately \$ 3,000 per month, plus excess usage charges, through August 2016 and at lesser amounts thereafter until December 2018.

Minimum estimated base future rental payments relative to these agreements at September 30, 2015 are approximately as follows:

11. Construction and Other Significant Commitments (continued)

Year Ending September 30,	
2016	\$ 495,000
2017	\$ 114,000
2018	\$ 4,000
2019	\$ 1,000
Thereafter	\$ NONE

12. Long-Term Debt and Liabilities

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

	Balance October 1, 2014	Additions	Amortization/ Retirements	Balance September 30, 2015	Due Within One Year
Governmental Activities:					
Note payable	\$ 731,462	\$ -	\$ 147,059	\$ 584,403	\$ 147,059
Insurance claims payable	2,286,001	116,999	-	2,403,000	1,102,000
Compensated absences	3,602,851	3,076,663	2,804,775	3,874,739	2,807,933
OPEB liability	2,782,325	638,675	-	3,421,000	-
Net pension liability	7,196,323	-	3,241,707	3,954,616	-
Other	1,116,818	-	-	1,116,818	-
Total governmental activities	<u>\$ 17,715,780</u>	<u>\$ 3,832,337</u>	<u>\$ 6,193,541</u>	<u>\$ 15,354,576</u>	<u>\$ 4,056,992</u>
Business-Type Activities:					
Marina Refunding Revenue Note, Series 2009	\$ 5,397,057	\$ -	\$ 1,281,571	\$ 4,115,486	\$ 1,323,085
Sewer System Revenue Bonds, Series 2012	3,650,000	-	425,000	3,225,000	435,000
Sewer System Refunding Revenue Bonds, Series 2013	19,698,500	-	1,279,107	18,419,393	1,327,144
Note payable, State Revolving Loan	2,419,340	-	289,603	2,129,737	299,148
Landfill closure costs payable	63,333	-	40,000	23,333	23,333
Compensated absences	224,504	217,012	203,763	237,753	172,506
OPEB liability	222,000	47,000	-	269,000	-
Other	459,600	26,333	-	485,933	-
Total business-type activities	<u>\$ 32,134,334</u>	<u>\$ 290,345</u>	<u>\$ 3,519,044</u>	<u>\$ 28,905,635</u>	<u>\$ 3,580,216</u>
Total long-term debt and liabilities	<u>\$ 49,850,114</u>	<u>\$ 4,122,682</u>	<u>\$ 9,712,585</u>	<u>\$ 44,260,211</u>	<u>\$ 7,637,208</u>

General Obligation:

Promissory Note: A promissory note was issued for the acquisition and rehabilitation of affordable housing in the City's redevelopment district. The note is to be repaid and secured by tax increment revenue which derives from such area. Issued at not to exceed \$ 2,500,000, and fully drawn down, on October 1, 2003, the City converted the then revolving facility to a term loan at a fixed interest rate of 2.56%. This note is payable in varying annual installments of principal and interest not exceeding \$ 162,094 through its maturity on October 1, 2018.

12. Long-Term Debt and Liabilities (continued)

The general obligation promissory note debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 147,059	\$ 15,035	\$ 162,094
2017	147,059	11,276	158,335
2018	147,059	7,518	154,577
2019	143,226	3,759	146,985
	<u>\$ 584,403</u>	<u>\$ 37,588</u>	<u>\$ 621,991</u>

Revenue Obligation:

Marina Refunding Revenue Note, Series 2009: In December 2009, the City entered into an agreement with a bank for the issuance of the Capital Improvement/Marina Refunding Revenue Note, Series 2009 in the amount of \$ 9,142,446. The proceeds from this indebtedness were used to currently refund the then outstanding Tax-Exempt Capital Improvement/Marina Revenue Bonds, Series 1997. The then bonds were originally issued to finance the acquisition of an approximately 8.8 acre site commonly known as the Key West Bight for the public purpose of constructing marina and related facilities, public parks and conservation areas thereon.

The Capital Improvement/Marina Refunding Revenue Note, Series 2009 is payable solely and secured by a pledge of the net revenue of the facilities and the half-cent sales tax collections. Interest is due semiannually, at a rate of 3.37%, with principal due annually at installments ranging from approximately \$ 1,323,100 to \$ 1,419,800 through maturity in December 2017.

Sewer System Revenue Bonds, Series 2012: In February 2012, the City entered into agreement with a financial institution for the issuance of the Sewer System Revenue Bonds, Series 2012 in the amount of \$ 4,065,000. The proceeds from this indebtedness were used to repay a grant from the State of Florida Department of Emergency Management, the proceeds of which were used to finance the costs of certain capital improvements to the City's sewer system. Interest is due semiannually, at a rate of 2.07%, with principal due annually at installments ranging from \$ 435,000 to \$ 490,000 through maturity on October 1, 2021. These bonds were issued on a parity basis with the City's Sewer System Revenue Bonds, currently outstanding or issued hereafter.

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

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

<u>Fiscal Year</u>	<u>Marina Refunding Revenue Note, Series 2009</u>		<u>Sewer System Revenue Bonds, Series 2012</u>		<u>Sewer System Refunding Revenue Bonds, Series 2013</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 1,323,085	\$ 116,398	\$ 435,000	\$ 62,256	\$ 1,327,144	\$ 470,539	\$ 3,734,422
2017	1,372,585	70,976	440,000	53,200	1,360,626	434,926	3,732,313
2018	1,419,816	23,924	450,000	43,988	1,391,845	398,456	3,728,029
2019	-	-	460,000	34,569	1,430,742	361,056	2,286,367
2020	-	-	470,000	24,944	1,471,994	322,594	2,289,532
2021 - 2025	-	-	970,000	20,184	7,954,445	998,860	9,943,489
2026 - 2027	-	-	-	-	3,482,597	92,957	3,575,554
	<u>\$ 4,115,486</u>	<u>\$ 211,298</u>	<u>\$ 3,225,000</u>	<u>\$ 239,141</u>	<u>\$ 18,419,393</u>	<u>\$ 3,079,388</u>	<u>\$ 29,289,706</u>

12. Long-Term Debt and Liabilities (continued)

Continuing disclosure - In accordance with authorizing Ordinances and to comply with the continuing disclosure requirements of the Securities and Exchange Commission, the following disclosure is provided for the Sanitary Sewer System Refunding Revenue Bonds. At September 30, 2015, the City is in compliance with all reporting and disclosure requirements. Required disclosures as of September 30, 2015, 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:

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Base charge	\$ 22.77	\$ 22.77	\$ 22.77
Commodity charge	\$ 4.51	\$ 4.51	\$ 4.51

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

Note Payable – State of Florida, Department of Environmental Protection – State Revolving Loan:

In connection with the City’s Advanced Wastewater Treatment Facility, the City qualified for the Florida State Revolving Loan Fund program in tandem with the Sewer System Revenue Bonds. Total principal draws amounted to (at present value) \$ 5,172,648 through fiscal year 2002, which agreed to the maximum amount available under this agreement. The City pays annual installments of \$ 366,367 through February 2022, with interest payable at a 3.28% fixed rate. This facility is in junior position to the Sewer System Revenue Bonds, Series 2012 and 2013.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 299,148	\$ 67,219	\$ 366,367
2017	309,012	57,355	366,367
2018	319,198	47,169	366,367
2019	329,721	36,646	366,367
2020	340,592	25,775	366,367
2021-2022	532,066	17,487	549,553
	<u>\$ 2,129,737</u>	<u>\$ 251,651</u>	<u>\$ 2,381,388</u>

12. Long-Term Debt and Liabilities (continued)

Component Unit:

The following is a summary of changes in long-term debt and liabilities for the Authority for the year ended December 31, 2014:

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014	Due Within One Year
Notes payable	\$ 6,977,972	\$ -	\$ 84,440	\$ 6,893,532	\$ 87,440
Revenue notes	23,928,636	12,000,000	11,653,533	24,275,103	743,315
Compensated absences	365,090	168,732	97,520	436,302	43,630
OPEB liability	102,228	45,733	-	147,961	-
Total long-term debt and liabilities	<u>\$ 31,373,926</u>	<u>\$ 12,214,465</u>	<u>\$ 11,835,493</u>	<u>\$ 31,752,898</u>	<u>\$ 874,385</u>

Notes, as of December 31, 2014, are comprised of the following:

Notes Payable Description:

Multifamily Housing Revenue Bond, Series 2010, in the principal amount of \$ 1,759,000. The bond is amortized over a 20-year period and bears interest at 4.56%. 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." These loans do not bear interest and mature in 30 years.	\$ 3,131,258
Second mortgage note due to a governmental agency, collateralized by land, project improvements, and all other fixtures and personal property located on the land, "Home Investment Partnerships Program," payable in full in April 2018, non-interest bearing.	1,819,720
Mortgage note due to a governmental agency, collateralized by land, "Key Plaza Site B," payable in full in May 2031, non-interest bearing.	1,500,000
First mortgage note due to a governmental agency, collateralized by land, "Key Plaza Site A – Home Investment Partnerships Program," payable in full in April 2018, non-interest bearing.	382,554
First mortgage note due to a local government, collateralized by land, "Roosevelt Gardens," principal to be forgiven in \$ 20,000 increments until December 2017, non-interest bearing.	<u>60,000</u>
	<u>\$ 6,893,532</u>

12. Long-Term Debt and Liabilities (continued)

Revenue Notes, as of December 31, 2014, are comprised of the following:

Revenue Notes Description:

During the year ended December 31, 2014, the Authority refunded the Housing Note Series 2003 by issuing the following refunding bonds: 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 3.40% and 5.30%, respectively. The outstanding balance of Series 2014A and Series 2014B was \$ 9,865,295 and \$ 2,003,564, respectively. \$ 11,868,859

Multifamily Housing Revenue Note amortized over a 25-year period and bearing interest at 4.25%. A 10-year call exists at which time the loan’s interest rate will be renegotiated. If a new rate is not agreed upon, the loan will become payable and due. These notes are collateralized by the land, project improvements and property located on the land “Roosevelt Gardens.” 8,668,753

Second mortgage payable to a local government agency to facilitate the acquisition of the “Poinciana Complex”, as previously discussed, and under the long-term debt and liability section of the primary government. This note is non-interest bearing and is due in January 2034. Collateralized by the land, project improvements and property located on the land. 2,210,000

Housing Revenue Bond, Series 2009, issued to a local banking institution in the principal amount of \$ 2,900,000 to demolish existing structures and construct new rental units on the site “Key Plaza Site B.” Collateralized by first mortgage on land, project improvements and property located on the land; bearing interest at rates ranging from 4.00% to 4.75%. The bond is amortized over a 25-year period with a 7-year balloon. 1,527,491

\$ 24,275,103

12. Long-Term Debt and Liabilities (continued)

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

Fiscal Year	Notes Payable		Revenue Notes	
	Principal	Interest	Principal	Interest
2015	\$ 87,440	\$ 66,778	\$ 743,315	\$ 1,021,733
2016	90,580	63,638	1,061,768	970,902
2017	93,866	60,352	1,113,350	916,672
2018	2,279,579	56,913	2,528,892	818,612
2019	80,905	53,314	1,174,511	738,876
2020-2024	464,660	206,432	9,710,755	2,328,617
2025-2029	583,427	87,706	2,016,513	972,636
2030-2034	1,577,075	1,177	4,677,568	521,581
2035-2039	-	-	1,248,431	61,447
2040	1,636,000	-	-	-
	<u>\$ 6,893,532</u>	<u>\$ 596,310</u>	<u>\$ 24,275,103</u>	<u>\$ 8,351,076</u>

13. Interfund Assets and Liabilities

A summary of interfund receivable and payable balances at September 30, 2015 are as follows:

Interfund Items (current)	Receivables	Payables
Governmental Funds:		
General	\$ -	\$ 47,265
Gas Tax	-	662
Infrastructure Surtax	-	111
Enterprise Funds:		
Sanitary Sewer System	-	276
Solid Waste	-	1,103
Key West Bight	-	1,710
Stormwater	-	55
Transit System	-	2,482
Nonmajor fund	-	1,213
Internal Service Fund:		
Insurance Programs	<u>54,877</u>	<u>-</u>
Totals	<u>\$ 54,877</u>	<u>\$ 54,877</u>

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

13. Interfund Assets and Liabilities (continued)

A summary of advances (receivables and payables) at September 30, 2015 are as follows:

<u>Advances (long-term)</u>	<u>Receivables</u>	<u>Payables</u>
Governmental Funds:		
General	\$ 1,657,259	\$ -
Enterprise Funds:		
Sanitary Sewer System	1,823,349	-
Key West Bight	76,689	-
Stormwater	-	3,480,608
Transit System	-	76,689
Totals	<u>\$ 3,557,297</u>	<u>\$ 3,557,297</u>

The advance in the General Fund is owed by the Stormwater Fund in connection with prior year's 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 Transit System Fund, owes the Key West Bight Fund for rents as a result of a portion of its Park-n-Ride lot built on Key West Bight property. 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, 2015 is as follows:

<u>Transfers</u>	<u>In</u>	<u>Out</u>
Governmental Funds:		
General	\$ 6,040,538	\$ 1,006,266
Gas Tax	1,921,000	734,163
Infrastructure Surtax	-	3,659,655
Capital Projects	2,123,660	68,369
Nonmajor funds	846,266	32,319
Enterprise Funds:		
Sanitary Sewer System	-	1,275,627
Solid Waste	-	1,422,839
Key West Bight	-	2,148,829
Stormwater	-	396,673
Transit System	600,000	218,092
Nonmajor fund	-	243,301
Internal Service Fund:		
Insurance Programs	-	325,331
Totals	<u>\$ 11,531,464</u>	<u>\$ 11,531,464</u>

14. Interfund Transfers (continued)

The General Fund received \$ 4,405,361 from the Enterprise Funds for payments in lieu of taxes; \$ 824,130 from the Infrastructure Surtax Fund representing 10% of the budgeted discretionary sales surtax revenues to be used for any lawful purpose; and \$ 811,047 from various funds for the cost allocation and recovery of its services. The Gas Tax Fund received \$ 1,761,000 from the Infrastructure Surtax Fund for various infrastructure projects; and \$ 160,000 from the General Fund for various paving projects. The Capital Projects Fund received \$ 823,660 from the Infrastructure Surtax Fund in connection with the Fredrick Douglass Community Center Project; and \$ 1,300,000 from the Key West Bight Fund for additional costs of the new City Hall currently under construction. The Bahama Village Fund (nonmajor fund) received its annual transfer of \$ 330,589 for tax increment funding from the General Fund. The Caroline Street Fund (nonmajor fund) received its annual transfer of \$ 343,952 for tax increment funding from the General Fund. The Community Fund (nonmajor fund) received \$ 171,725 from General Fund to create a fund to be used for Art in Public Places. In addition, the Transit System Fund received \$ 600,000 from the Gas Tax Fund to subsidize transit programs/projects.

15. Contingencies

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

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

An action was brought against the City on behalf of certain North Stock Island property owners who allege that the City's imposition of stormwater utility user fees constitutes an illegal tax. The court ruled the City cannot collect a fee, but did not determine the amount of fees to be refunded. The City has authorized an appeal once the amount of the refund is determined. In the event of an adverse outcome, the potential loss is estimated to be approximately \$ 350,000. In addition, a similar action was brought against the City by a homeowners' association; however, at this time the potential loss cannot be reasonably estimated.

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, 2015.

Estimates have been used in determining the accrual for landfill post closure care. The potential for change exists due to inflation, deflation, technology, and changes in applicable laws and regulations.

16. Restatement of Beginning Net Position

During the year ended September 30, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This pronouncement requires the restatement of the September 30, 2014 net position of the governmental activities and business-type activities as shown below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>						<u>Total</u>
Net Position, September 30, 2014, as previously reported	\$ 167,574,912	\$ 153,135,840						\$ 320,710,752
Cumulative Effect of Application of GASB 68, Net Pension Asset/Liability	<u>(4,417,553)</u>	<u>891,885</u>						<u>(3,525,668)</u>
Net Position, September 30, 2014, as restated	<u>\$ 163,157,359</u>	<u>\$ 154,027,725</u>						<u>\$ 317,185,084</u>

	<u>Sanitary Sewer System</u>	<u>Solid Waste</u>	<u>Key West Bight</u>	<u>Stormwater</u>	<u>Transit System</u>	<u>Garrison Bight</u>	<u>Business Type Activities Total</u>
Net Position, September 30, 2014 as previously reported	\$ 69,518,718	\$ 19,160,368	\$ 31,836,456	\$ 22,312,183	\$ 4,572,564	\$ 5,735,551	\$ 153,135,840
Cumulative Effect of Application of GASB 68, Net Pension Asset/ Liability	<u>77,555</u>	<u>116,333</u>	<u>193,888</u>	<u>38,778</u>	<u>348,998</u>	<u>116,333</u>	<u>891,885</u>
Net Position, September 30, 2014, as restated	<u>\$ 69,596,273</u>	<u>\$ 19,276,701</u>	<u>\$ 32,030,344</u>	<u>\$ 22,350,961</u>	<u>\$ 4,921,562</u>	<u>\$ 5,851,884</u>	<u>\$ 154,027,725</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Key West, Florida
Required Supplementary Information
(Unaudited)
Analysis of Funding Progress and Contributions-
Pay-As-You-Go Approach
Other Post-Employment Health Care Benefits (OPEB)
(In Thousands)

Schedule of Funding Progress:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded/ (Overfunded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
* 9/30/2009	\$ -	\$ 4,183	\$ 4,183	0.0%	\$ 19,091	21.9%
9/30/2011	\$ -	\$ 5,077	\$ 5,077	0.0%	\$ 22,518	22.5%
9/30/2013	\$ -	\$ 6,878	\$ 6,878	0.0%	\$ 24,417	28.2%
9/30/2015	\$ -	\$ 8,139	\$ 8,139	0.0%	\$ 24,770	32.9%

* Year of GASB Statement No. 45 implementation.

Schedule of Contributions:

<u>Fiscal Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
2010	\$ 539	23%
2011	\$ 698	16%
2012	\$ 730	18%
2013	\$ 853	36%
2014	\$ 876	35%
2015	\$ 954	23%

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

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 1,154,040	\$ 1,134,108
Interest	3,277,233	3,149,825
Differences between expected and actual experience	(189,114)	(795,460)
Assumption changes	-	1,479,338
Benefit payments, including refunds of member contributions	<u>(2,671,762)</u>	<u>(2,261,393)</u>
Net change in total pension liability	1,570,397	2,706,418
Total pension liability - beginning	44,029,771	41,323,353
Total pension liability - ending (A)	<u>\$ 45,600,168</u>	<u>\$ 44,029,771</u>
Plan fiduciary net position		
Contributions - employer	\$ 842,957	\$ 919,864
Contributions - members	708,253	655,206
Net investment earnings	555,804	4,431,002
Benefit payments, including refunds of member contributions	(2,671,762)	(2,261,393)
Administrative expenses	<u>(163,130)</u>	<u>(142,131)</u>
Net change in plan fiduciary net position	(727,878)	3,602,548
Plan fiduciary net position - beginning	47,883,789	44,281,241
Plan fiduciary net position - ending (B)	<u>\$ 47,155,911</u>	<u>\$ 47,883,789</u>
City's net pension liability (asset)- ending (A) - (B)	<u>\$ (1,555,743)</u>	<u>\$ (3,854,018)</u>
Plan fiduciary net position as a percentage of the total pension liability	103.41%	108.75%
Covered-employee payroll	\$ 11,773,303	\$ 10,500,212
City's net pension liability (asset) as percentage of covered-employee payroll	-13.21%	-36.70%

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

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

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 1,454,688	\$ 1,481,268
Interest	7,402,128	7,063,784
Differences between expected and actual experience	260,206	687,542
Assumption changes	2,284,845	-
Benefit payments, including refunds of member contributions	<u>(4,300,292)</u>	<u>(4,065,051)</u>
Net Change in total pension liability	7,101,575	5,167,543
Total pension liability - beginning	84,221,663	79,054,120
Total pension liability - ending (A)	<u>\$ 91,323,238</u>	<u>\$ 84,221,663</u>
Plan fiduciary net position		
Contributions - employer	\$ 2,801,375	\$ 2,975,423
Contributions - state	578,511	727,859
Contributions - members	777,269	764,013
Net investment earnings	614,041	8,116,554
Benefit payments, including refunds of member contributions	(4,300,292)	(4,065,051)
Administrative expenses	<u>(142,080)</u>	<u>(109,548)</u>
Net change in plan fiduciary net position	328,824	8,409,250
Plan fiduciary net position - beginning	80,267,047	71,857,797
Plan fiduciary net position - ending (B)	<u>\$ 80,595,871</u>	<u>\$ 80,267,047</u>
City's net pension liability (asset) - ending (A) - (B)	<u>\$ 10,727,367</u>	<u>\$ 3,954,616</u>
Plan fiduciary net position as a percentage of the total pension liability	88.25%	95.30%
Covered-employee payroll	\$ 9,977,377	\$ 10,553,410
City's net pension liability (asset) as a percentage of covered- employee payroll	107.52%	37.47%

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 475	\$ 636	\$ 987	\$ 843	\$ 684	\$ 640	\$ 745	\$ 894	\$ 962	\$ 1,137
Contributions in relation to the actuarially determined contribution	<u>843</u>	<u>920</u>	<u>987</u>	<u>879</u>	<u>1,133</u>	<u>1,164</u>	<u>1,266</u>	<u>1,331</u>	<u>1,251</u>	<u>1,318</u>
Contribution deficiency (excess)	\$ <u>(368)</u>	\$ <u>(284)</u>	\$ <u>-</u>	\$ <u>(36)</u>	\$ <u>(449)</u>	\$ <u>(524)</u>	\$ <u>(521)</u>	\$ <u>(437)</u>	\$ <u>(289)</u>	\$ <u>(181)</u>
Covered-employee payroll	\$ 11,773	\$ 10,500	\$ 9,945	\$ 9,609	\$ 9,939	\$ 10,277	\$ 10,982	\$ 11,705	\$ 10,882	\$ 10,387
Contributions as a percentage of covered - employee payroll	7.16%	8.76%	9.92%	9.15%	11.40%	11.33%	11.53%	11.37%	11.50%	12.69%

Notes to Schedule:

Valuation date: October 1, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	5-year smoothed market value
Inflation	3.00%
Projected salary increases	3.75% - 6.00%
Investment rate of return	7.50%
Payroll growth assumptions	None
Cost of living adjustment	Effective January 1, 2006, members receiving benefits receive a 2.0% ad hoc cost of living adjustment.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Healthy Members: RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected with Scale BB to each future decrement date. Disabled Members: RP-2000 Combined Disabled Mortality Tables, separate rates for males and females, with fully generational mortality improvements projected with Scale BB to each future decrement date.
Changes since last valuation	None.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 3,323	\$ 3,497	\$ 3,468	\$ 3,214	\$ 2,898	\$ 2,548	\$ 2,468	\$ 2,476	\$ 2,530	\$ 2,382
Contributions in relation to the actuarially determined contribution	<u>3,323</u>	<u>3,497</u>	<u>3,468</u>	<u>3,214</u>	<u>2,898</u>	<u>2,548</u>	<u>2,468</u>	<u>2,476</u>	<u>2,530</u>	<u>2,382</u>
Contribution deficiency (excess)	\$ <u>-</u>									
Covered-employee payroll	\$ 9,977	\$ 10,051	\$ 9,634	\$ 9,645	\$ 9,681	\$ 8,738	\$ 9,293	\$ 9,780	\$ 10,277	\$ 9,611
Contributions as a percentage of covered - employee payroll	33.31%	34.79%	36.00%	33.32%	29.93%	29.16%	26.56%	25.32%	24.62%	24.78%

Notes to Schedule:

Valuation date: October 1, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar, closed
Remaining amortization period	30 years
Asset valuation method	5 year smoothed market value
Investment rate of return	7.50%
Projected salary increases	4.50% per annum
Inflation	3.00%
Retirement rates	Ranging from 20 or more years of service (75% - 100%) and less than 20 years of service (50% - 100%).
Mortality	Mortality rates are calculated with the 1983 Group Annuity Mortality Table with separate rates for males and females. For disabled participants, the 1985 Pension Disability Table was used with separate rates for males and females.
Changes since last valuation	None.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Annual money-weighted rate of return, net of investment expense	0.95%	9.86%	12.27%	14.52%	(1.98%)	8.51%	7.29%	(11.18%)	15.82%	9.97%

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Annual money-weighted rate of return, net of investment expense	-0.2%	12.6%	16.3%	20.2%	-3.3%	6.3%	-1.7%	-13.7%	15.4%	8.8%

**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. The City maintains seven special revenue funds to track the following revenues and related expenditures:

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

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

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

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

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

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

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

City of Key West, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2015

	<u>Law Enforcement Trust Fund</u>	<u>Fort Taylor Fund</u>	<u>Special Revenue Affordable Housing Escrow Fund</u>
Assets:			
Cash, cash equivalents and investments	\$ 89,775	\$ 1,394,920	\$ 98,370
Receivables (net of allowance for uncollectibles):			
Intergovernmental	-	11,675	-
Prepays	<u>14,092</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 103,867</u>	<u>\$ 1,406,595</u>	<u>\$ 98,370</u>
Liabilities:			
Accounts payable	<u>\$ 1,219</u>	<u>\$ 10,936</u>	<u>\$ -</u>
Total liabilities	<u>1,219</u>	<u>10,936</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Prepays	14,092	-	-
Restricted for:			
Law enforcement	88,556	-	-
Natural resources	-	1,395,659	-
Housing initiatives and urban redevelopment	-	-	98,370
Transportation	-	-	-
Truman waterfront	-	-	-
Committed to:			
Art in public places	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>102,648</u>	<u>1,395,659</u>	<u>98,370</u>
Total liabilities and fund balances	<u>\$ 103,867</u>	<u>\$ 1,406,595</u>	<u>\$ 98,370</u>

Funds

<u>Bahama Village Fund</u>	<u>Navy Pier Payments Fund</u>	<u>Caroline Street Fund</u>	<u>Community Fund</u>	<u>Total</u>
\$ 911,837	\$ 1,193,973	\$ 2,780,866	\$ 232,684	\$ 6,702,425
-	-	-	-	11,675
-	-	-	-	14,092
<u>\$ 911,837</u>	<u>\$ 1,193,973</u>	<u>\$ 2,780,866</u>	<u>\$ 232,684</u>	<u>\$ 6,728,192</u>
\$ 57,394	\$ 462,187	\$ 435	\$ -	\$ 532,171
<u>57,394</u>	<u>462,187</u>	<u>435</u>	<u>-</u>	<u>532,171</u>
-	-	-	-	14,092
-	-	-	-	88,556
-	-	-	-	1,395,659
854,443	-	2,780,431	-	3,733,244
-	649,328	-	-	649,328
-	82,458	-	-	82,458
-	-	-	232,684	232,684
<u>854,443</u>	<u>731,786</u>	<u>2,780,431</u>	<u>232,684</u>	<u>6,196,021</u>
<u>\$ 911,837</u>	<u>\$ 1,193,973</u>	<u>\$ 2,780,866</u>	<u>\$ 232,684</u>	<u>\$ 6,728,192</u>

City of Key West, Florida
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2015

	<u>Law Enforcement Trust Fund</u>	<u>Fort Taylor Fund</u>	<u>Special Revenue Affordable Housing Escrow Fund</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	229,910	-
Charges for services	-	-	-
Fines and forfeitures	34,684	-	-
Investment earnings	1,286	10,963	834
Contributions and other	-	-	-
Total revenues	<u>35,970</u>	<u>240,873</u>	<u>834</u>
Expenditures:			
Current:			
General government	-	58,063	-
Public safety	120,721	-	-
Transportation	-	-	-
Economic environment	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
Total expenditures	<u>120,721</u>	<u>58,063</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(84,751)</u>	<u>182,810</u>	<u>834</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(1,277)	(3,123)	-
Total other financing sources (uses)	<u>(1,277)</u>	<u>(3,123)</u>	<u>-</u>
Net change in fund balances	(86,028)	179,687	834
Fund Balances, October 1	<u>188,676</u>	<u>1,215,972</u>	<u>97,536</u>
Fund Balances, September 30	<u>\$ 102,648</u>	<u>\$ 1,395,659</u>	<u>\$ 98,370</u>

Funds				
Bahama Village Fund	Navy Pier Payments Fund	Caroline Street Fund	Community Fund	Total
\$ 372,677	\$ -	\$ 387,741	\$ -	\$ 760,418
-	-	-	111,176	111,176
-	-	-	-	229,910
-	456,084	-	-	456,084
-	-	-	-	34,684
7,893	4,325	21,524	1,004	47,829
77	-	-	23,612	23,689
<u>380,647</u>	<u>460,409</u>	<u>409,265</u>	<u>135,792</u>	<u>1,663,790</u>
-	-	435	17,937	76,435
-	-	-	-	120,721
-	269,623	-	3,008	272,631
356,811	-	1,168	53,888	411,867
9,068	-	31,310	-	40,378
165,745	-	-	-	165,745
<u>531,624</u>	<u>269,623</u>	<u>32,913</u>	<u>74,833</u>	<u>1,087,777</u>
<u>(150,977)</u>	<u>190,786</u>	<u>376,352</u>	<u>60,959</u>	<u>576,013</u>
330,589	-	343,952	171,725	846,266
(13,162)	-	(14,757)	-	(32,319)
<u>317,427</u>	<u>-</u>	<u>329,195</u>	<u>171,725</u>	<u>813,947</u>
166,450	190,786	705,547	232,684	1,389,960
687,993	541,000	2,074,884	-	4,806,061
<u>\$ 854,443</u>	<u>\$ 731,786</u>	<u>\$ 2,780,431</u>	<u>\$ 232,684</u>	<u>\$ 6,196,021</u>

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Law Enforcement Trust Special Revenue Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 34,684	\$ 34,684
Investment earnings	1,000	1,000	1,286	286
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>35,970</u>	<u>34,970</u>
Expenditures:				
Operating	146,500	146,500	103,721	42,779
Aid to private organizations	15,000	17,000	17,000	-
Total expenditures	<u>161,500</u>	<u>163,500</u>	<u>120,721</u>	<u>42,779</u>
Excess (deficiency) of revenues over expenditures	<u>(160,500)</u>	<u>(162,500)</u>	<u>(84,751)</u>	<u>77,749</u>
Other Financing Sources (Uses):				
Transfers out	(1,277)	(1,277)	(1,277)	-
Total other financing sources (uses)	<u>(1,277)</u>	<u>(1,277)</u>	<u>(1,277)</u>	<u>-</u>
Net change in fund balance	\$ <u>(161,777)</u>	\$ <u>(163,777)</u>	(86,028)	\$ <u>77,749</u>
Fund Balance, October 1			<u>188,676</u>	
Fund Balance, September 30			\$ <u>102,648</u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Fort Taylor Special Revenue Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 229,910	\$ 29,910
Investment earnings	5,000	5,000	10,963	5,963
Total revenues	<u>205,000</u>	<u>205,000</u>	<u>240,873</u>	<u>35,873</u>
Expenditures:				
Operating	-	90,087	58,063	32,024
Total expenditures	<u>-</u>	<u>90,087</u>	<u>58,063</u>	<u>32,024</u>
Excess (deficiency) of revenue over expenditures	<u>205,000</u>	<u>114,913</u>	<u>182,810</u>	<u>67,897</u>
Other Financing Sources (Uses):				
Transfers out	<u>(3,123)</u>	<u>(3,123)</u>	<u>(3,123)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,123)</u>	<u>(3,123)</u>	<u>(3,123)</u>	<u>-</u>
Net change in fund balance	\$ <u><u>201,877</u></u>	\$ <u><u>111,790</u></u>	179,687	\$ <u><u>67,897</u></u>
Fund Balance, October 1			<u>1,215,972</u>	
Fund Balance, September 30			\$ <u><u>1,395,659</u></u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Affordable Housing Special Revenue Fund
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 500	\$ 500	\$ 834	\$ 334
Total revenues	<u>500</u>	<u>500</u>	<u>834</u>	<u>334</u>
Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>500</u>	<u>500</u>	<u>834</u>	<u>334</u>
Net change in fund balance	<u>\$ 500</u>	<u>\$ 500</u>	834	<u>\$ 334</u>
Fund Balance, October 1			<u>97,536</u>	
Fund Balance, September 30			<u>\$ 98,370</u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Bahama Village Special Revenue Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 374,710	\$ 372,677	\$ 372,677	\$ -
Investment earnings	-	-	7,893	7,893
Contributions and other	-	-	77	77
Total revenues	<u>374,710</u>	<u>372,677</u>	<u>380,647</u>	<u>7,970</u>
Expenditures:				
Operating	2,180	2,180	27,874	(25,694)
Capital outlay	-	25,516	9,068	16,448
Debt service	169,612	169,612	165,745	3,867
Aid to private organizations	-	596,852	328,937	267,915
Total expenditures	<u>171,792</u>	<u>794,160</u>	<u>531,624</u>	<u>262,536</u>
Excess (deficiency) of revenues over expenditures	<u>202,918</u>	<u>(421,483)</u>	<u>(150,977)</u>	<u>270,506</u>
Other Financing Sources (Uses):				
Transfers in	330,994	330,589	330,589	-
Transfers out	(13,162)	(13,162)	(13,162)	-
Total other financing sources (uses)	<u>317,832</u>	<u>317,427</u>	<u>317,427</u>	<u>-</u>
Net change in fund balance	\$ <u>520,750</u>	\$ <u>(104,056)</u>	166,450	\$ <u>270,506</u>
Fund Balance, October 1			<u>687,993</u>	
Fund Balance, September 30			\$ <u>854,443</u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Navy Pier Payments Special Revenue Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ -	\$ 456,084	\$ 456,084
Investment earnings	-	-	4,325	4,325
Total revenues	<u>-</u>	<u>-</u>	<u>460,409</u>	<u>460,409</u>
Expenditures:				
Operating	-	449,256	269,623	179,633
Total expenditures	<u>-</u>	<u>449,256</u>	<u>269,623</u>	<u>179,633</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(449,256)</u>	<u>190,786</u>	<u>640,042</u>
Other Financing Sources (Uses):				
Transfers in	603,518	603,518	-	(603,518)
Transfers out	<u>(603,518)</u>	<u>(603,518)</u>	<u>-</u>	<u>603,518</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (449,256)</u>	190,786	<u>\$ 640,042</u>
Fund Balance, October 1			<u>541,000</u>	
Fund Balance, September 30			<u>\$ 731,786</u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Caroline Street Special Revenue Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 392,207	\$ 387,740	\$ 387,740	\$ -
Investment earnings	10,000	10,000	21,524	11,524
Total revenues	<u>402,207</u>	<u>397,740</u>	<u>409,264</u>	<u>11,524</u>
Expenditures:				
Operating	2,180	2,180	1,602	578
Capital outlay	731,720	2,979,163	31,310	2,947,853
Total expenditures	<u>733,900</u>	<u>2,981,343</u>	<u>32,912</u>	<u>2,948,431</u>
Excess (deficiency) of revenues over expenditures	<u>(331,693)</u>	<u>(2,583,603)</u>	<u>376,352</u>	<u>2,959,955</u>
Other Financing Sources (Uses):				
Transfers in	346,450	343,952	343,952	-
Transfers out	(14,757)	(14,757)	(14,757)	-
Total other financing sources (uses)	<u>331,693</u>	<u>329,195</u>	<u>329,195</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,254,408)</u>	705,547	<u>\$ 2,959,955</u>
Fund Balance, October 1			<u>2,074,884</u>	
Fund Balance, September 30			<u>\$ 2,780,431</u>	

City of Key West, Florida
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Infrastructure Surtax Fund - A Capital Projects Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 7,800,000	\$ 7,800,000	\$ 8,241,297	\$ 441,297
Intergovernmental	-	3,322,688	51,961	(3,270,727)
Investment earnings	60,000	60,000	137,442	77,442
Contributions and other	-	90,000	-	(90,000)
Total revenues	<u>7,860,000</u>	<u>11,272,688</u>	<u>8,430,700</u>	<u>(2,841,988)</u>
Expenditures:				
Personal services	94,407	94,407	102,953	(8,546)
Operating	509,360	1,336,350	8,678	1,327,672
Capital outlay	4,560,413	21,417,220	2,493,458	18,923,762
Total expenditures	<u>5,164,180</u>	<u>22,847,977</u>	<u>2,605,089</u>	<u>20,242,888</u>
Excess (deficiency) of revenues over expenditures	<u>2,695,820</u>	<u>(11,575,289)</u>	<u>5,825,611</u>	<u>17,400,900</u>
Other Financing Sources (Uses):				
Transfers out	<u>(3,309,995)</u>	<u>(3,659,655)</u>	<u>(3,659,655)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,309,995)</u>	<u>(3,659,655)</u>	<u>(3,659,655)</u>	<u>-</u>
Net change in fund balance	<u>\$ (614,175)</u>	<u>\$ (15,234,944)</u>	2,165,956	<u>\$ 17,400,900</u>
Fund Balance, October 1			<u>16,216,899</u>	
Fund Balance, September 30			<u>\$ 18,382,855</u>	

City of Key West, Florida
Schedules of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ 75,000	\$ 75,000	\$ 152,213	\$ 77,213
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>152,213</u>	<u>77,213</u>
Expenditures:				
Personal services	90,713	90,713	94,421	(3,708)
Capital outlay	<u>484,167</u>	<u>21,758,523</u>	<u>9,017,322</u>	<u>12,741,201</u>
Total expenditures	<u>574,880</u>	<u>21,849,236</u>	<u>9,111,743</u>	<u>12,737,493</u>
Excess (deficiency) of revenues over expenditures	<u>(499,880)</u>	<u>(21,774,236)</u>	<u>(8,959,530)</u>	<u>12,814,706</u>
Other Financing Sources (Uses):				
Transfers in	485,000	2,123,660	2,123,660	-
Transfers out	<u>(68,369)</u>	<u>(68,369)</u>	<u>(68,369)</u>	<u>-</u>
Total other financing sources (uses)	<u>416,631</u>	<u>2,055,291</u>	<u>2,055,291</u>	<u>-</u>
Net change in fund balance	<u>\$ (83,249)</u>	<u>\$ (19,718,945)</u>	<u>(6,904,239)</u>	<u>\$ 12,814,706</u>
Fund Balance, October 1			<u>19,446,075</u>	
Fund Balance, September 30			<u>\$ 12,541,836</u>	

FIDUCIARY FUNDS OVERVIEW

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

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

City of Key West, Florida
Combining Statement of Net Position
Fiduciary Funds
September 30, 2015

	Pension Trust Funds		
	General Employees	Police and Fire	Total
Assets:			
Cash and cash equivalents	\$ 824,855	\$ 4,553,502	\$ 5,378,357
Investments, at fair value:			
Equity securities	26,062,452	49,635,691	75,698,143
Corporate and foreign bonds, and bond funds	12,854,612	13,424,785	26,279,397
Alternative investments	5,519,795	4,970,369	10,490,164
U.S. government securities	1,313,028	2,379,953	3,692,981
Municipal obligations	555,687	81,628	637,315
Real estate	-	4,870,000	4,870,000
Receivables:			
Interest and dividends	111,791	189,797	301,588
State contributions	-	578,511	578,511
Employee contributions	-	31,321	31,321
Proceeds from securities sold	-	87,229	87,229
Total assets	<u>47,242,220</u>	<u>80,802,786</u>	<u>128,045,006</u>
Liabilities:			
Accounts payable and accrued expenses	86,309	85,743	172,052
Payable for securities purchased	-	55,445	55,445
Prepaid city contributions	-	65,727	65,727
Total liabilities	<u>86,309</u>	<u>206,915</u>	<u>293,224</u>
Net Position:			
Held in trust for employees' pension benefits	\$ <u><u>47,155,911</u></u>	\$ <u><u>80,595,871</u></u>	\$ <u><u>127,751,782</u></u>

City of Key West, Florida
Combining Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended September 30, 2015

	Pension Trust Funds		
	<u>General Employees</u>	<u>Police and Fire</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 842,957	\$ 2,801,375	\$ 3,644,332
Members	708,253	777,269	1,485,522
State police and fire	-	578,511	578,511
	<u>1,551,210</u>	<u>4,157,155</u>	<u>5,708,365</u>
Total contributions			
Investment earnings:			
Net appreciation (depreciation) in fair value of investments	(458,195)	(1,307,903)	(1,766,098)
Interest and dividends	1,239,908	2,357,728	3,597,636
	<u>781,713</u>	<u>1,049,825</u>	<u>1,831,538</u>
Total investment earnings			
Less: Investment expenses	225,909	435,784	661,693
	<u>555,804</u>	<u>614,041</u>	<u>1,169,845</u>
Net investment earnings			
Total additions	<u>2,107,014</u>	<u>4,771,196</u>	<u>6,878,210</u>
Deductions:			
Benefits paid	2,671,762	4,268,783	6,940,545
Administrative expenses	163,130	142,080	305,210
Contributions refunded	-	31,509	31,509
	<u>2,834,892</u>	<u>4,442,372</u>	<u>7,277,264</u>
Total deductions			
Changes in net position	(727,878)	328,824	(399,054)
Net Position, October 1	<u>47,883,789</u>	<u>80,267,047</u>	<u>128,150,836</u>
Net Position, September 30	<u>\$ 47,155,911</u>	<u>\$ 80,595,871</u>	<u>\$ 127,751,782</u>

STATISTICAL SECTION

Overview

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

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

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

Contents

Financial Trends:	106-115
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity:	116-119
These schedules contain information to help the reader assess the City's most significant local revenue source - property tax.	
Debt Capacity:	120-124
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information:	125-127
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information:	128-130
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.	

Sources of Data:

- City of Key West Audited Financial Statements (and supporting records)
- City of Key West Planning 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 83,047	\$ 84,399	\$ 83,450	\$ 83,653	\$ 86,385	\$ 87,054	\$ 88,024	\$ 98,927	\$ 106,158	\$ 115,897
Restricted	17,596	24,796	30,050	30,675	31,822	36,703	41,328	39,406	34,704	31,633
Unrestricted	14,948	13,791	6,155	9,654	14,570	16,623	16,414	25,586	22,296	27,530
Total governmental activities net position	<u>\$ 115,591</u>	<u>\$ 122,986</u>	<u>\$ 119,655</u>	<u>\$ 123,982</u>	<u>\$ 132,777</u>	<u>\$ 140,380</u>	<u>\$ 145,766</u>	<u>\$ 163,919</u>	<u>\$ 163,158</u>	<u>\$ 175,060</u>
Business-type activities:										
Net investment in capital assets	\$ 92,102	\$ 94,073	\$ 103,294	\$ 107,394	\$ 115,889	\$ 118,376	\$ 113,118	\$ 115,459	\$ 116,044	\$ 123,627
Restricted	2,427	3,757	3,800	3,800	3,759	3,867	4,362	589	326	349
Unrestricted	14,997	18,295	14,446	12,003	14,951	17,443	25,228	29,476	37,658	40,073
Total business-type activities net position	<u>\$ 109,526</u>	<u>\$ 116,125</u>	<u>\$ 121,540</u>	<u>\$ 123,197</u>	<u>\$ 134,599</u>	<u>\$ 139,686</u>	<u>\$ 142,708</u>	<u>\$ 145,524</u>	<u>\$ 154,028</u>	<u>\$ 164,049</u>
Primary government:										
Net investment in capital assets	\$ 175,149	\$ 178,472	\$ 186,744	\$ 191,047	\$ 202,274	\$ 205,430	\$ 201,142	\$ 214,386	\$ 222,202	\$ 239,524
Restricted	20,023	28,553	33,850	34,475	35,581	40,570	45,690	39,995	35,030	31,982
Unrestricted	29,945	32,086	20,601	21,657	29,521	34,066	41,642	55,062	59,954	67,603
Total primary government net position	<u>\$ 225,117</u>	<u>\$ 239,111</u>	<u>\$ 241,195</u>	<u>\$ 247,179</u>	<u>\$ 267,376</u>	<u>\$ 280,066</u>	<u>\$ 288,474</u>	<u>\$ 309,443</u>	<u>\$ 317,186</u>	<u>\$ 339,109</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government	\$ 13,195	\$ 12,363	\$ 13,012	\$ 13,570	\$ 13,355	\$ 14,797	\$ 15,520	\$ 16,670	\$ 16,419	\$ 17,011
Public safety	23,059	22,278	22,272	21,896	20,553	21,737	22,859	22,692	24,315	23,748
Physical environment	220	321	588	314	304	-	-	-	-	-
Transportation	3,249	3,354	4,002	3,711	3,586	3,364	5,339	7,770	4,462	2,765
Economic environment	2,152	1,963	5,297	14,622	5,249	2,956	3,762	1,784	1,633	1,503
Human services	432	491	517	409	393	394	399	488	468	506
Culture and recreation	4,206	5,403	3,677	2,314	2,152	2,321	2,600	2,567	2,456	2,689
Interest	53	51	45	41	38	34	30	26	22	19
Total governmental activities expenses	<u>46,566</u>	<u>46,224</u>	<u>49,410</u>	<u>56,877</u>	<u>45,630</u>	<u>45,603</u>	<u>50,509</u>	<u>51,997</u>	<u>49,775</u>	<u>48,241</u>
Business type activities:										
Sewer System	10,030	10,121	10,704	10,833	11,574	11,151	10,710	11,404	10,550	10,720
Solid Waste	11,895	6,727	7,480	7,105	7,337	7,444	7,268	8,753	8,042	7,578
Key West Bight	6,008	6,374	6,980	5,485	4,988	5,192	4,588	4,329	4,158	5,082
Stormwater	3,031	1,757	2,871	3,053	2,239	2,666	2,535	2,755	2,223	2,311
Garrison Bight	1,225	1,063	1,207	1,426	1,434	1,351	1,245	1,359	1,351	1,428
Transit	3,917	3,818	4,026	3,581	3,076	2,806	2,563	2,732	2,935	2,893
Total business-type activities expenses	<u>36,106</u>	<u>29,860</u>	<u>33,268</u>	<u>31,483</u>	<u>30,648</u>	<u>30,610</u>	<u>28,909</u>	<u>31,332</u>	<u>29,259</u>	<u>30,012</u>
Total primary government expenses	<u>\$ 82,672</u>	<u>\$ 76,084</u>	<u>\$ 82,678</u>	<u>\$ 88,360</u>	<u>\$ 76,278</u>	<u>\$ 76,213</u>	<u>\$ 79,418</u>	<u>\$ 83,329</u>	<u>\$ 79,034</u>	<u>\$ 78,253</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues:										
Governmental activities:										
Fees, fines and charges for services:										
General government	\$ 1,594	\$ 1,551	\$ 1,686	\$ 2,257	\$ 2,417	\$ 2,647	\$ 2,717	\$ 2,721	\$ 3,161	\$ 3,353
Public safety	4,077	4,504	2,351	2,280	2,667	2,131	2,150	2,733	3,296	5,100
Physical environment	120	46	71	54	77	-	-	-	-	-
Transportation	7,352	7,568	7,002	6,840	6,947	7,557	7,021	6,976	7,267	7,291
Economic environment	-	-	-	-	44	26	26	33	26	26
Human Services	-	-	11	-	-	-	-	-	-	-
Culture and recreation	114	136	15	182	164	202	205	344	462	478
Operating grants and contributions	3,969	3,561	2,583	4,295	5,414	3,829	3,971	2,041	2,261	1,577
Capital grants and contributions	1,185	647	4,275	12,334	2,912	3,272	3,596	2,680	537	388
Total governmental activities program revenues	18,411	18,013	17,994	28,242	20,642	19,664	19,686	17,528	17,010	18,213
Business type activities:										
Charges for services:										
Sanitary Sewer System	12,063	11,271	11,789	11,648	11,827	12,717	11,640	12,164	11,979	11,933
Solid Waste	8,591	8,837	9,343	9,283	8,997	9,122	9,187	9,503	9,398	9,171
Key West Bight	6,531	7,460	8,100	6,500	6,460	6,825	6,974	7,047	7,465	8,896
Stormwater	1,742	1,748	2,336	2,393	2,322	2,342	2,468	2,613	2,131	2,063
Garrison Bight	1,397	1,504	1,509	1,459	1,372	1,400	1,453	1,507	1,604	1,960
Transit	932	1,023	1,067	1,067	970	982	1,070	1,039	1,126	1,260
Operating grants and contributions	6,926	1,588	1,033	420	2,026	1,487	1,274	1,124	2,239	1,410
Capital grants and contributions	2,067	2,081	4,276	1,429	9,209	2,633	1,436	2,518	3,213	7,654
Total business type activities program revenues	40,249	35,512	39,453	34,199	43,183	37,508	35,502	37,515	39,155	44,347
Total primary government program revenues	\$ 58,660	\$ 53,525	\$ 57,447	\$ 62,441	\$ 63,825	\$ 57,172	\$ 55,188	\$ 55,043	\$ 56,165	\$ 62,560

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (expense)/revenue										
Governmental activities	\$ (28,155)	\$ (28,211)	\$ (31,416)	\$ (28,635)	\$ (24,988)	\$ (25,939)	\$ (30,823)	\$ (34,469)	\$ (32,765)	\$ (30,028)
Business type activities	4,143	5,652	6,185	2,716	12,535	6,898	6,593	6,183	9,896	14,335
Total primary government net expense	<u>\$ (24,012)</u>	<u>\$ (22,559)</u>	<u>\$ (25,231)</u>	<u>\$ (25,919)</u>	<u>\$ (12,453)</u>	<u>\$ (19,041)</u>	<u>\$ (24,230)</u>	<u>\$ (28,286)</u>	<u>\$ (22,869)</u>	<u>\$ (15,693)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 12,469	\$ 15,774	\$ 15,136	\$ 15,572	\$ 15,644	\$ 14,816	\$ 14,429	\$ 15,127	\$ 15,059	\$ 15,161
Sales taxes	9,352	9,263	9,001	8,052	7,994	8,663	10,360	10,945	11,824	12,631
Franchise and local business taxes	2,030	2,029	1,272	1,268	1,316	1,394	1,463	1,404	1,448	1,482
Communication taxes	-	-	1,882	1,633	1,725	1,613	1,610	1,599	1,474	1,462
Cigarette and motor fuel taxes	2,500	2,266	2,225	2,099	2,360	2,391	2,541	2,462	2,695	2,801
Investment earnings	1,436	2,194	1,944	1,745	750	530	437	197	316	568
Miscellaneous	994	567	1,393	717	1,464	1,293	1,643	8,476	785	2,720
Donated capital asset	-	-	-	-	-	-	-	8,470	-	-
Extraordinary item	-	(1,250)	(6,750)	-	-	-	-	-	-	-
Transfers	1,146	2,002	1,982	1,876	2,530	2,842	3,726	3,942	2,820	5,105
Total governmental activities	<u>29,927</u>	<u>32,845</u>	<u>28,085</u>	<u>32,962</u>	<u>33,783</u>	<u>33,542</u>	<u>36,209</u>	<u>52,622</u>	<u>36,421</u>	<u>41,930</u>
Business type activities:										
Investment earnings	1,347	1,397	1,008	643	260	312	241	165	214	380
Transfers	(1,146)	(2,002)	(1,982)	(1,876)	(2,530)	(2,842)	(3,726)	(3,942)	(2,820)	(5,105)
Miscellaneous	217	561	204	174	1,137	719	254	410	322	411
Total business-type activities	<u>418</u>	<u>(44)</u>	<u>(770)</u>	<u>(1,059)</u>	<u>(1,133)</u>	<u>(1,811)</u>	<u>(3,231)</u>	<u>(3,367)</u>	<u>(2,284)</u>	<u>(4,314)</u>
Total primary government	<u>\$ 30,345</u>	<u>\$ 32,801</u>	<u>\$ 27,315</u>	<u>\$ 31,903</u>	<u>\$ 32,650</u>	<u>\$ 31,731</u>	<u>\$ 32,978</u>	<u>\$ 49,255</u>	<u>\$ 34,137</u>	<u>\$ 37,616</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Change in net position:										
Governmental activities	\$ 1,772	\$ 4,634	\$ (3,331)	\$ 4,327	\$ 8,795	\$ 7,603	\$ 5,386	\$ 18,153	\$ 3,656	\$ 11,902
Business type activities	<u>4,561</u>	<u>5,608</u>	<u>5,415</u>	<u>1,657</u>	<u>11,402</u>	<u>5,087</u>	<u>3,362</u>	<u>2,816</u>	<u>7,612</u>	<u>10,021</u>
Total primary government	<u>\$ 6,333</u>	<u>\$ 10,242</u>	<u>\$ 2,084</u>	<u>\$ 5,984</u>	<u>\$ 20,197</u>	<u>\$ 12,690</u>	<u>\$ 8,748</u>	<u>\$ 20,969</u>	<u>\$ 11,268</u>	<u>\$ 21,923</u>

City of Key West, Florida

Table 3

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

Accrual Basis

(in Thousands)

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Franchise and Local Business Taxes</u>	<u>Cigarette and Motor Fuel Taxes</u>	<u>Communication Taxes</u>	<u>Total</u>
2006	\$ 12,469	\$ 9,352	\$ 2,030	\$ 2,500	\$ -	\$ 26,351
2007	\$ 15,774	\$ 9,263	\$ 2,029	\$ 2,266	\$ -	\$ 29,332
2008	\$ 15,136	\$ 9,001	\$ 1,272	\$ 2,225	\$ 1,882	\$ 29,516
2009	\$ 15,572	\$ 8,052	\$ 1,268	\$ 2,099	\$ 1,633	\$ 28,624
2010	\$ 15,644	\$ 7,994	\$ 1,316	\$ 2,360	\$ 1,725	\$ 29,039
2011	\$ 14,816	\$ 8,663	\$ 1,394	\$ 2,391	\$ 1,613	\$ 28,877
2012	\$ 14,429	\$ 10,360	\$ 1,463	\$ 2,541	\$ 1,610	\$ 30,403
2013	\$ 15,127	\$ 10,945	\$ 1,404	\$ 2,462	\$ 1,599	\$ 31,537
2014	\$ 15,059	\$ 11,824	\$ 1,448	\$ 2,695	\$ 1,474	\$ 32,500
2015	\$ 15,161	\$ 12,631	\$ 1,482	\$ 2,801	\$ 1,462	\$ 33,537

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 2,637	\$ 2,647	\$ 2,379	\$ 2,516	\$ 2,458	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	10,908	11,819	12,362	6,177	8,801	-	-	-	-	-
Nonspendable	-	-	-	-	-	2,191	2,075	1,950	1,828	1,702
Restricted	-	-	-	-	-	-	-	2	3	-
Committed	-	-	-	-	-	110	148	269	360	2,172
Assigned	-	-	-	-	-	155	123	1,051	1,883	1,653
Unassigned	-	-	-	-	-	9,260	10,202	11,296	12,466	14,842
Total general fund	\$ 13,545	\$ 14,466	\$ 14,741	\$ 8,693	\$ 11,259	\$ 11,716	\$ 12,548	\$ 14,568	\$ 16,540	\$ 20,369
All other governmental funds:										
Reserved	\$ 1,314	\$ 1,442	\$ 1,136	\$ 4,604	\$ 2,762	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	13,656	19,527	20,329	14,916	14,669	-	-	-	-	-
Capital projects funds	5,808	5,809	8,585	11,156	14,391	-	-	-	-	-
Nonspendable	-	-	-	-	-	180	162	280	191	172
Restricted	-	-	-	-	-	36,524	41,166	39,124	34,509	31,632
Committed	-	-	-	-	-	-	-	7,500	7,500	7,733
Unassigned	-	-	-	-	-	-	(431)	(778)	-	-
Total all other governmental funds	\$ 20,778	\$ 26,778	\$ 30,050	\$ 30,676	\$ 31,822	\$ 36,704	\$ 40,897	\$ 46,126	\$ 42,200	\$ 39,537

Note: Information for fiscal years 2006-2010 have not been restated for the implementation of Governmental Accounting Standards Board (GASB) Statement No. 54 classification.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Taxes	\$ 21,768	\$ 24,989	\$ 24,194	\$ 24,271	\$ 24,393	\$ 23,940	\$ 24,794	\$ 25,715	\$ 26,303	\$ 26,958
Licenses and permits	2,735	3,224	2,451	2,174	2,613	2,456	2,666	3,186	4,002	4,340
Intergovernmental	10,056	9,092	11,130	20,190	13,448	12,730	14,218	10,221	10,635	8,558
Charges for services	7,584	7,827	7,245	7,067	7,411	7,954	7,414	7,458	7,962	9,486
Fines and forfeitures	1,134	1,049	1,153	1,252	1,169	878	717	769	679	820
Investment earnings	1,436	2,194	1,944	1,745	751	530	437	197	317	568
Rental income	1,437	1,441	1,384	1,784	1,642	1,842	1,948	1,952	2,164	2,169
Contributions and other	650	863	575	269	304	355	426	396	227	2,242
Total revenues	46,800	50,679	50,076	58,752	51,731	50,685	52,620	49,894	52,289	55,141
Expenditures:										
General government (1)	12,774	13,229	13,375	21,921	14,006	15,138	15,285	15,337	15,931	16,382
Public safety	20,014	19,113	19,089	19,198	18,873	19,982	20,560	21,022	21,739	22,917
Physical environment	137	236	486	238	243	-	-	-	-	-
Transportation	2,897	2,865	3,594	3,253	3,154	2,867	4,903	7,246	3,910	2,266
Economic environment	2,229	1,963	5,278	14,622	5,249	2,956	3,762	1,783	1,633	1,502
Culture and recreation	3,653	4,687	2,949	1,886	1,817	1,954	2,107	1,951	1,967	2,169
Human services	423	497	513	407	393	394	399	488	468	506
Capital outlay	2,996	2,858	3,030	4,037	6,637	4,717	4,442	6,437	11,597	13,525
Debt service:										
Principal	147	206	147	147	147	147	147	147	147	147
Interest	53	51	49	41	38	34	30	26	22	19
Total expenditures	45,323	45,705	48,510	65,750	50,557	48,189	51,635	54,437	57,414	59,433
Excess (deficiency) of revenues over expenditures	1,477	4,974	1,566	(6,998)	1,174	2,496	985	(4,543)	(5,125)	(4,292)
Other Financing Sources (Uses):										
Transfers in	6,272	6,032	8,498	11,674	9,176	10,153	6,182	16,480	8,870	10,931
Transfers out	(5,126)	(4,030)	(6,517)	(10,098)	(6,638)	(7,310)	(2,142)	(12,229)	(5,719)	(5,501)
Sale of general capital assets	-	-	-	-	-	-	-	7,541	20	28
Total other financing sources (uses)	1,146	2,002	1,981	1,576	2,538	2,843	4,040	11,792	3,171	5,458
Net change in fund balances	\$ 2,623	\$ 6,976	\$ 3,547	\$ (5,422)	\$ 3,712	\$ 5,339	\$ 5,025	\$ 7,249	\$ (1,954)	\$ 1,166
Ratio of total debt service expenditures to total noncapital expenditures	0.47%	0.60%	0.43%	0.30%	0.42%	0.42%	0.38%	0.36%	0.37%	0.36%

(1) Includes judgments in the amount of (\$ 8,000,000) for 2009.

City of Key West, Florida

Table 6

General Governmental Expenditures (1)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Physical Environment (2)</u>	<u>Transportation</u>	<u>Economic Environment</u>	<u>Culture and Recreation</u>	<u>Other</u>	<u>Total</u>
2006	\$ 11,935,946	\$ 19,892,420	\$ 137,216	\$ 1,162,165	\$ 101,500	\$ 2,439,103	\$ 422,624	\$ 36,090,974
2007	\$ 12,858,911	\$ 19,024,792	\$ 155,387	\$ 1,214,718	\$ 80,500	\$ 3,680,251	\$ 498,399	\$ 37,512,958
2008	\$ 13,280,079	\$ 18,967,798	\$ 486,062	\$ 1,505,712	\$ 75,875	\$ 2,119,775	\$ 733,186	\$ 37,168,487
2009	\$ 20,967,021	\$ 18,946,855	\$ 238,268	\$ 1,214,366	\$ 2,546,639	\$ 1,781,975	\$ 684,512	\$ 46,379,636
2010	\$ 13,743,035	\$ 18,815,278	\$ 242,641	\$ 1,216,867	\$ 154,682	\$ 1,816,544	\$ 763,732	\$ 36,752,779
2011	\$ 15,035,634	\$ 19,918,755	\$ -	\$ 1,196,146	\$ 70,778	\$ 1,953,546	\$ 608,910	\$ 38,783,769
2012	\$ 14,805,682	\$ 20,536,741	\$ -	\$ 954,495	\$ 136,300	\$ 2,107,099	\$ 718,504	\$ 39,258,821
2013	\$ 14,716,056	\$ 20,966,990	\$ -	\$ 757,323	\$ 80,197	\$ 1,951,187	\$ 1,012,947	\$ 39,484,700
2014	\$ 15,365,596	\$ 21,650,994	\$ -	\$ 913,521	\$ 49,314	\$ 1,961,513	\$ 923,942	\$ 40,864,880
2015	\$ 16,100,897	\$ 22,794,448	\$ -	\$ 860,416	\$ 49,803	\$ 2,168,744	\$ 1,433,703	\$ 43,408,011

(1) Expenditures include General Fund only.

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

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

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-governmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Investment Earnings and Other</u>	<u>Total</u>
2006	\$ 13,778,074	\$ 2,734,730	\$ 8,160,794	\$ 6,504,436	\$ 1,092,883	\$ 2,600,679	\$ 34,871,596
2007	\$ 16,999,393	\$ 3,223,910	\$ 6,801,001	\$ 6,794,871	\$ 916,443	\$ 2,839,013	\$ 37,574,631
2008	\$ 16,397,107	\$ 2,451,347	\$ 5,756,244	\$ 6,141,451	\$ 1,030,830	\$ 2,694,967	\$ 34,471,946
2009	\$ 17,106,605	\$ 2,174,363	\$ 8,573,429	\$ 6,195,123	\$ 1,013,421	\$ 2,498,370	\$ 37,561,311
2010	\$ 17,047,554	\$ 2,613,092	\$ 6,706,639	\$ 6,357,337	\$ 1,037,696	\$ 2,067,223	\$ 35,829,541
2011	\$ 16,196,884	\$ 2,455,786	\$ 6,670,741	\$ 6,919,115	\$ 777,369	\$ 2,070,218	\$ 35,090,113
2012	\$ 15,858,710	\$ 2,666,151	\$ 7,164,507	\$ 6,619,211	\$ 672,932	\$ 2,141,274	\$ 35,122,785
2013	\$ 16,593,485	\$ 3,186,346	\$ 6,932,953	\$ 6,881,080	\$ 707,745	\$ 2,121,688	\$ 36,423,297
2014	\$ 16,399,038	\$ 4,001,655	\$ 7,150,588	\$ 7,354,163	\$ 629,454	\$ 2,383,531	\$ 37,918,429
2015	\$ 16,430,227	\$ 4,228,371	\$ 7,151,115	\$ 9,029,919	\$ 784,890	\$ 4,549,890	\$ 42,174,412

(1) Revenues include General Fund only.

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

Fiscal Year	Collections Tax Levy	Collections Current Tax	Percent of Levy	Collections Delinquent Tax	Collections Total Tax	Percent of Levy
2006	\$ 12,146,013	\$ 11,752,575	96.8	\$ -	\$ 11,752,575	96.8
2007	\$ 15,448,634	\$ 14,970,043	96.9	\$ -	\$ 14,970,043	96.9
2008	\$ 14,927,005	\$ 14,299,402	95.8	\$ 46,791	\$ 14,346,193	96.1
2009	\$ 15,273,933	\$ 14,680,697	96.1	\$ 21,279	\$ 14,701,976	96.3
2010	\$ 15,222,849	\$ 14,789,792	97.2	\$ 42,251	\$ 14,832,043	97.4
2011	\$ 14,414,157	\$ 13,995,804	97.1	\$ 60,960	\$ 14,056,764	97.5
2012	\$ 14,224,210	\$ 13,643,432	95.9	\$ 75,797	\$ 13,719,229	96.4
2013	\$ 14,859,861	\$ 13,847,692	93.2	\$ 615,050	\$ 14,462,742	97.3
2014	\$ 14,798,746	\$ 14,316,000	96.7	\$ 45,076	\$ 14,361,076	97.0
2015	\$ 15,690,912	\$ 14,358,235	91.5	\$ 42,056	\$ 14,400,291	91.8

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)

<u>Fiscal Year</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Exemptions Allowed for Real/Personal Property</u>	<u>Total Net Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Total Net Estimated True Value</u>	<u>Ratio Net Assessed to True Value</u>
2006	\$ 9,273,128	\$ 322,287	\$ 4,236,380	\$ 5,359,035	2.0863	\$ 5,359,035	1.0
2007	\$ 10,718,386	\$ 360,504	\$ 4,227,713	\$ 6,851,177	2.3034	\$ 6,851,177	1.0
2008	\$ 12,301,233	\$ 369,917	\$ 4,208,873	\$ 8,462,277	2.0354	\$ 8,462,277	1.0
2009	\$ 11,507,171	\$ 375,730	\$ 5,182,044	\$ 6,700,857	2.2794	\$ 6,700,857	1.0
2010	\$ 10,347,911	\$ 371,594	\$ 4,894,185	\$ 5,825,320	2.6414	\$ 5,825,320	1.0
2011	\$ 8,706,431	\$ 368,616	\$ 4,101,589	\$ 4,973,458	2.9132	\$ 4,973,458	1.0
2012	\$ 8,826,945	\$ 360,634	\$ 4,218,770	\$ 4,968,809	2.8627	\$ 4,968,809	1.0
2013	\$ 8,231,175	\$ 323,906	\$ 3,463,472	\$ 5,091,609	2.9185	\$ 5,091,609	1.0
2014	\$ 8,482,416	\$ 323,457	\$ 3,516,073	\$ 5,289,801	2.7976	\$ 5,289,801	1.0
2015	\$ 8,874,783	\$ 300,825	\$ 3,519,798	\$ 5,655,809	2.7743	\$ 5,655,809	1.0

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

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

Fiscal Year	City of Key West			Overlapping Rates (1)					Total
	Operating Millage	Debt Service Millage	Total Direct Rate	Monroe County	School Board	South Florida Water Management District	Florida Keys Mosquito Control District	Other	
2006	2.0863	-	2.0863	2.8001	3.3820	0.2840	0.6090	0.4130	9.5744
2007	2.3034	-	2.3034	2.5609	3.0610	0.2840	0.5505	0.4130	9.1728
2008	2.0354	-	2.0354	2.2656	2.9460	0.2549	0.4175	0.3691	8.2885
2009	2.2794	-	2.2794	2.6883	2.9220	0.2549	0.3798	0.3691	8.8935
2010	2.6414	-	2.6414	3.0837	3.3870	0.2549	0.4262	0.3691	10.1623
2011	2.9132	-	2.9132	3.3445	3.8235	0.2549	0.4596	0.3691	11.1648
2012	2.8627	-	2.8627	3.3470	3.5650	0.1785	0.4836	0.2578	10.6946
2013	2.9185	-	2.9185	3.1229	3.6600	0.1757	0.5171	0.2532	10.6474
2014	2.7976	-	2.7976	3.1380	3.6810	0.1685	0.5069	0.2425	10.5345
2015	2.7743	-	2.7743	3.1275	3.6260	0.1577	0.4824	0.2265	10.3944

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 Ten Years Ago

<u>Name of Taxpayer</u>	<u>2015 Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Assessed Valuation</u>	<u>2006 Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Assessed Valuation</u>
Sunset City, LLC	\$ 88,140,909	1	1.56	\$ -	-	-
Casa Marina Owner, LLC	79,953,408	2	1.41	74,743,668	1	1.39
Galleon Condominium Association Inc.	64,894,805	3	1.15	56,782,806	2	1.06
Ocean Walk Key West, LLC	63,672,716	4	1.13	-	-	-
Tannex Development, LC	56,507,700	5	1.00	26,980,355	7	0.50
Windward Pointe II LLC	55,004,227	6	0.97	46,260,850	3	0.86
Ashford Pier House, LLC	51,838,551	7	0.92	-	-	-
City of Key West	50,863,421	8	0.90	-	-	-
Seaboard Associates Limited Partnership SH5, LTD	46,223,993 43,702,145	9 10	0.82 0.77	20,009,513 -	9 -	0.37 -
Hyatt Vacation Management	-	-	-	39,279,331	4	0.73
Key West Reach Owner, LLC	-	-	-	34,763,904	5	0.65
Parrot Key	-	-	-	28,000,000	6	0.52
Pier House	-	-	-	20,867,546	8	0.39
Lower Florida Keys Hospital District	-	-	-	18,495,031	10	0.35
Totals	\$ 600,801,875		10.63	\$ 366,183,004		6.82

Source: Property Appraiser, Monroe County, Florida.

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

<u>Fiscal Year</u>	<u>Note Payable</u> <u>Governmental Activities</u>	<u>Revenue Bonds (1)</u> <u>Business-type Activities</u>	<u>Note Payable</u> <u>Business-type Activities</u>	<u>Total Outstanding Debt</u>	<u>Percentage of Personal Income (2)</u>	<u>Population (2)</u>	<u>Debt per Capita</u>
2006	\$ 1,911,314	\$ 37,697,927	\$ 4,427,054	\$ 44,036,295	7.08%	23,935	\$ 1,840
2007	\$ 1,764,706	\$ 36,393,853	\$ 4,203,640	\$ 42,362,199	7.00%	23,262	\$ 1,821
2008	\$ 1,613,815	\$ 35,091,912	\$ 3,972,861	\$ 40,678,588	5.52%	23,024	\$ 1,767
2009	\$ 1,466,757	\$ 33,787,457	\$ 3,734,474	\$ 38,988,688	4.94%	23,922	\$ 1,630
2010	\$ 1,319,698	\$ 32,536,880	\$ 3,488,227	\$ 37,344,805	4.46%	24,649	\$ 1,515
2011	\$ 1,172,639	\$ 31,140,391	\$ 3,233,862	\$ 35,546,892	4.00%	24,626	\$ 1,443
2012	\$ 1,025,580	\$ 33,767,315	\$ 2,971,112	\$ 37,764,007	4.32%	24,909	\$ 1,516
2013	\$ 878,521	\$ 30,400,830	\$ 2,699,700	\$ 33,979,051	3.96%	25,057	\$ 1,356
2014	\$ 731,462	\$ 28,745,557	\$ 2,419,340	\$ 31,896,359	3.94%	25,550	\$ 1,248
2015	\$ 584,403	\$ 25,759,879	\$ 2,129,737	\$ 28,474,019	3.51%	25,704	\$ 1,108

(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)
2006	23,935	\$ 5,359,035	-	-	-	-	-
2007	23,262	\$ 6,851,177	-	-	-	-	-
2008	23,024	\$ 8,462,277	-	-	-	-	-
2009	23,922	\$ 6,700,857	-	-	-	-	-
2010	24,649	\$ 5,825,320	-	-	-	-	-
2011	24,626	\$ 4,973,458	-	-	-	-	-
2012	24,909	\$ 4,968,809	-	-	-	-	-
2013	25,057	\$ 5,091,609	-	-	-	-	-
2014	25,550	\$ 5,289,801	-	-	-	-	-
2015	25,704	\$ 5,655,809	-	-	-	-	-

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

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

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

City of Key West, Florida

Table 14

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (2)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
2006	-	-	-	\$ 36,090,974	-
2007	-	-	-	\$ 37,512,958	-
2008	-	-	-	\$ 37,168,487	-
2009	-	-	-	\$ 46,379,636	-
2010	-	-	-	\$ 36,752,779	-
2011	-	-	-	\$ 38,783,769	-
2012	-	-	-	\$ 39,258,821	-
2013	-	-	-	\$ 39,484,700	-
2014	-	-	-	\$ 40,864,880	-
2015	-	-	-	\$ 43,408,011	-

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

(2) General expenditures include General Fund only.

City of Key West, Florida
Table 15
Computation of Direct and Estimated Overlapping
Governmental Activities Debt
September 30, 2015

	<u>Debt Outstanding</u>	<u>Applicable to City of Key West</u>	
		<u>Percentage</u>	<u>Amount</u>
Direct debt:			
City of Key West (1)	\$ 584,403	100.00%	\$ 584,403
Estimated overlapping debt:			
Monroe County, District School Board (2)	<u>43,347,000</u>	27.92% (3)	<u>12,104,141</u>
Total ad valorem tax supported debt	<u>\$ 43,931,403</u>		<u>\$ 12,688,544</u>
Ratios:			
Overall debt to 2015 taxable valuation			<u>0.22%</u>
Overall debt per capita			<u>\$ 494</u>

- (1) City of Key West direct debt does not include revenue bonds.
(2) Monroe County School Board debt is as of June 30, 2015, and does not include revenue bonds.
(3) Overlapping debt percentage was determined by a ratio of the assessed value of property subject to taxation in the City of Key West to the total assessed value of property subject to taxation in the overlapping unit.

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

Fiscal Year	Gross Revenues (1)	Cost of Operation and Maintenance (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2006	\$ 12,062	\$ 5,409	\$ 6,653	\$ 915	\$ 1,110	\$ 2,025	3.29
2007	\$ 11,659	\$ 5,516	\$ 6,143	\$ 935	\$ 1,079	\$ 2,014	3.05
2008	\$ 11,886	\$ 5,720	\$ 6,166	\$ 950	\$ 1,060	\$ 2,010	3.07
2009	\$ 11,755	\$ 5,722	\$ 6,033	\$ 975	\$ 1,039	\$ 2,014	3.00
2010	\$ 11,839	\$ 6,037	\$ 5,802	\$ 1,000	\$ 1,013	\$ 2,013	2.88
2011	\$ 12,793	\$ 5,833	\$ 6,960	\$ 1,030	\$ 985	\$ 2,015	3.45
2012	\$ 11,684	\$ 5,403	\$ 6,281	\$ 1,060	\$ 1,037	\$ 2,097	3.00
2013	\$ 12,032	\$ 5,648	\$ 6,384	\$ 680	\$ 398	\$ 1,078	5.92
2014	\$ 12,056	\$ 5,763	\$ 6,293	\$ 1,713	\$ 576	\$ 2,289	2.75
2015	\$ 12,076	\$ 5,915	\$ 6,161	\$ 1,762	\$ 533	\$ 2,295	2.68

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

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

Fiscal Year	Population (1)	Per Capita Income (1)	Total Personal Income (in thousands) (1)	Median Age (1)	Public School Enrollment (2)	Unemployment Rate (3)
2006	23,935	\$ 26,316	\$ 622,310	39	4,056	2.6%
2007	23,262	\$ 26,316	\$ 604,812	39	4,038	2.8%
2008	23,024	\$ 32,662	\$ 736,768	43	3,868	4.3%
2009	23,922	\$ 33,549	\$ 789,426	43	3,791	6.8%
2010	24,649	\$ 34,174	\$ 838,066	44	3,792	7.2%
2011	24,626	\$ 36,086	\$ 888,654	42	3,823	6.2%
2012	24,909	\$ 35,074	\$ 873,658	42	4,023	4.5%
2013	25,057	\$ 34,277	\$ 858,879	42	4,148	3.7%
2014	25,550	\$ 31,700	\$ 809,935	43	3,954	3.9%
2015	25,704	\$ 31,566	\$ 811,372	44	4,583	3.4%

(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*

Employer	2015 Employees	2007 Employees
Public Sector:		
US Armed Forces	2,664	1,269
Monroe County Schools	1,054	1,362
Monroe County Sheriff's Office	550	539
Monroe County Government	530	810
City of Key West	495	516
Florida Keys Aqueduct Authority	258	273
Florida Keys Community College	138	225
Keys Energy Service	128	163
Florida Keys Electric Cooperative Association	115	N/A
Monroe County Clerk of Court	84	N/A
Private Sector:		
Ocean Reef Club	997	1,000
Publix Stores		
Key West (300) Marathon (155) & Key Largo (160)	615	392
Lower Keys Medical Center, Key West	408	N/A
Westin Resort & Marina / Sunset Key	404	N/A
Spottswood Properties	400	N/A
Hawk's Cay Resort	387	N/A
Historic Tours of America	340	350
Casa Marina Resort / Reach Resort	280	300
Cheeca Lodge	275	300
Remington Properties		
Pier House Resort (105), Crowne Plaza La Concha (96)		
The Inn at Key West (46) & the Southernmost House (16)	263	N/A

* 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.

Note: Data prior to 2007 is not available.

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

Fiscal Year	Property Value (1)			Construction (2)	
	Real/ Personal Property Assessed Value	Exemptions Allowed for Real/ Personal Property	Total Net Assessed Value	Number of Permits	Value
2006	\$ 9,595,415	\$ 4,236,380	\$ 5,359,035	7,003	\$ 149,062
2007	\$ 11,078,890	\$ 4,227,713	\$ 6,851,177	7,529	\$ 168,984
2008	\$ 12,671,150	\$ 4,208,873	\$ 8,462,277	4,971	\$ 23,721
2009	\$ 11,882,901	\$ 5,182,044	\$ 6,700,857	4,215	\$ 16,389
2010	\$ 10,719,505	\$ 4,894,185	\$ 5,825,320	4,297	\$ 43,322
2011	\$ 9,075,047	\$ 4,101,589	\$ 4,973,458	4,504	\$ 35,013
2012	\$ 9,187,579	\$ 4,218,770	\$ 4,968,809	5,124	\$ 50,543
2013	\$ 8,555,081	\$ 3,463,472	\$ 5,091,609	5,467	\$ 71,443
2014	\$ 8,805,874	\$ 3,516,073	\$ 5,289,801	6,187	\$ 213,520
2015	\$ 9,175,608	\$ 3,519,798	\$ 5,655,809	5,465	\$ 386,381

(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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government:										
Building permits issued	7,003	7,529	4,971	4,215	4,297	4,504	5,124	5,467	6,187	5,465
Building inspections performed	10,622	12,547	11,275	7,392	8,128	9,606	10,264	9,057	11,812	11,642
Occupational licenses	9,031	8,673	8,990	9,072	8,296	9,778	11,189	8,509	10,087	10,642
Fire:										
Emergency responses	1,925	1,935	2,160	1,206	2,613	2,269	2,274	1,846	1,945 *	4,818
Inspections	986	1,844	1,440	779	2,481	2,430	2,452	2,293	2,310	2,100
Police:										
Physical arrests	1,801	1,101	2,031	2,166	2,075	2,115	2,265	2,010	2,171	2,100
Parking violations	47,036	48,820	48,312	46,893	37,047	30,830	31,172	30,504	27,897	33,261
Traffic violations	6,030	6,409	5,040	4,331	4,313	4,450	3,956	4,065	4,018	3,092
Cemetery:										
Burials	123	113	95	86	124	129	87	93	94	102
Sewer:										
Average daily flow (millions of gallons per day)	5	5	4	4	4	4	4	4	4	4
Solid Waste:										
Refuse annually tons	62,729	55,624	58,296	50,594	45,402	55,624	47,055	41,091	44,064	40,563
Recycle annual in tons	1,894	2,095	2,484	2,517	3,607	2,095	3,656	5,406	5,333	5,381
Marinas:										
Key West Bight:										
Diesel gallons pumped	270,702	429,871	354,378	349,664	315,515	311,677	230,161	128,205	128,548	168,924
Gas gallons pumped	116,432	122,633	79,114	78,872	63,058	106,071	116,461	126,381	133,580	150,826
Transient customers	1,108	1,202	1,436	986	1,011	1,284	1,520	1,454	1,365	1,394
Ferry terminal:										
Boat landings	435	431	508	393	479	464	349	358	364	389
Passenger disembarkments	81,709	96,796	85,134	148,300	144,617	154,821	146,362	148,738	166,677	192,073
Diesel gallons pumped	153,849	447,104	412,360	137,631	81,807	141,355	117,055	7,255	7,743	333,545
Garrison Bight:										
Transient customers	431	586	496	396	362	384	369	354	438	674
Mooring field monthly permits	38	49	49	165	76	332	96	103	133	377
Ramp usage	5,202	4,951	4,437	4,879	4,142	5,307	4,662	4,806	5,893	5,178
Cars parked overnight	6,238	5,787	5,050	N/A						
Transportation:										
Cruise ship passengers	859,089	831,063	733,910	862,043	804,845	852,673	832,887	734,349	800,752	745,864
Sidewalks repaired/replaced	53,196	19,535	36,296	61,719	107,243	56,725	98,590	82,395	20,250	10,000

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

City of Key West, Florida

Table 21

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire:										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Engines	6	6	7	7	7	7	7	7	7	6
Aerial	1	1	1	1	1	1	1	1	1	1
Light duty rescue	1	1	1	1	1	1	1	1	1	1
Ambulances	-	-	-	-	-	-	-	-	- *	4
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	100	98	89	105	95	115	115	115	117	118
Parking enforcement units	7	7	7	7	7	7	7	7	6	6
Parks and Recreation:										
Acreage	69.25	69.25	69.25	69.25	69.25	69.25	69.25	69.25	69.25	69.25
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	7	7	7	7	7	7	7	7	7	7
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
Basketball courts	5	5	5	5	5	5	5	5	5	5
Pools	1	1	1	1	1	1	1	1	1	1
Sewer:										
Length of system	58	58	58	58	58	58	58	58	60	60
Plant daily capacity (millions of gallons per day)	10	10	10	10	10	10	10	10	10	10
Storm Water:										
Length of system	11	11	11	11	11	11	11	12	12	12
Key West Bight:										
Slips:										
Transient slips	90	92	92	92	92	92	92	92	92	92
Commercial slips	43	42	42	42	42	42	42	42	42	45
Other slips	16	15	15	15	15	15	15	15	15	15
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)	88,164	86,938	86,407	86,407	86,407	86,407	86,407	94,059	96,384	96,434
Ferry Terminal:										
Commercial slips	4	4	4	4	4	4	4	4	4	4
Diesel capacity (gallons)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Garrison Bight:										
Transient slips available	66	66	66	66	66	66	66	66	42	42
Live aboard/pleasure	145	146	148	148	148	148	148	140	167	167
Commercial/charter	40	39	43	43	43	43	43	37	37	37
Mooring field	149	149	149	149	149	149	149	149	149	149
Transportation:										
Number of buses	15	15	17	17	17	16	16	14	14	17
Cruise ports	3	3	3	3	3	3	3	3	3	3
Ferry terminals	1	1	1	1	1	1	1	1	1	1

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

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City Commission	5	5	5	5	5	5	5	5	5	7
City Management	2	2	3	3	4	4	6	6	7	7
Management services and other	81	79	82	80	78	76	79	82	82	91
Recreation	35	39	33	31	31	33	33	31	32	32
Fire	73	73	71	71	71	72	72	72	72	88
Public Works	34	36	30	34	29	34	35	46	49	49
Police protection	137	133	122	122	123	123	123	126	126	126
Building	23	26	28	17	17	18	19	19	21	21
Capital	16	14	5	1	1	1	-	-	-	-
Roads and Sidewalks	-	-	3	4	4	4	4	4	5	5
Sewer	9	9	7	4	4	4	4	4	4	4
Stormwater	3	3	2	2	2	2	1	1	1	1
Solid waste	12	12	12	10	10	10	10	10	10	7
Recreation marinas	26	39	44	42	40	35	29	30	26	28
Redevelopment	5	5	6	7	6	-	-	-	-	-
Transportation	40	41	44	44	31	31	28	28	27	29
Total	<u>501</u>	<u>516</u>	<u>497</u>	<u>477</u>	<u>456</u>	<u>452</u>	<u>448</u>	<u>464</u>	<u>467</u>	<u>495</u>