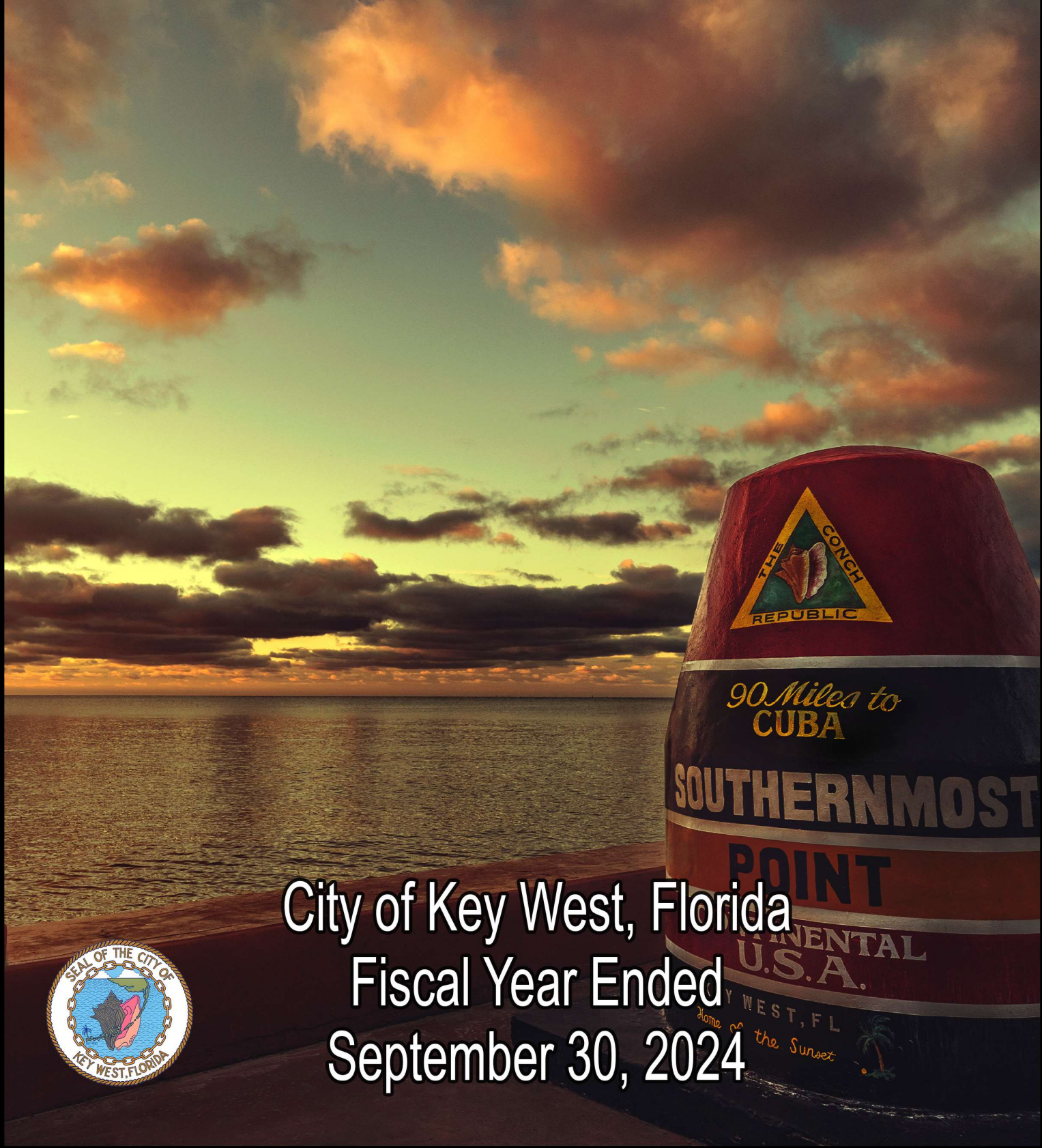


ANNUAL COMPREHENSIVE FINANCIAL REPORT



City of Key West, Florida
Fiscal Year Ended
September 30, 2024



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

The City of Key West, Florida

Annual Comprehensive Financial Report

For The Fiscal Year Ended

September 30, 2024

Prepared by:

Department of Finance

City of Key West, Florida
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INTRODUCTORY SECTION



THE CITY OF KEY WEST, FLORIDA

Post Office Box 1409

Key West, FL 33041-1409

www.cityofkeywest-fl.gov

May 22, 2025

To the Honorable Mayor, Members of the City Commission
City of Key West, Florida

The Annual Comprehensive Financial Report of the City of Key West, Florida, for the fiscal year ended September 30, 2024, is submitted herewith pursuant to the City Charter, Florida Statutes, and the Rules of the Auditor General of the State of Florida. The annual comprehensive financial report was compiled by Finance Department staff with the close cooperation of the independent auditors. It represents the official report of the City's financial operations and condition to the citizens, City Commission, management personnel of the City, rating agencies, and other interested parties.

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

State statutes require an annual audit by independent certified public accountants. The City of Key West's financial statements have been audited by the independent certified public accounting firm of Citrin Cooperman & Company LLC and they have issued an unmodified opinion on the financial statements for the fiscal year ended September 30, 2024.

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

Financial Reporting Entity

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

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

The City does not have financial responsibility for The Housing Authority of the City of Key West, Florida; however, the City does appoint board members and provides approximately \$ 707,000 annually in free sewer, sanitation and stormwater services, which constitutes a financial benefit/burden relationship. Given the overall materiality of the financial benefit/burden, the City has included the Housing Authority as a discretely presented component unit herein.

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

Profile of the Government

Key West is an island city some 4 miles long by 1.5 miles wide. The City of Key West, incorporated in 1828, is located at the southern end of U. S. Highway 1, 153 miles southwest of Miami, Florida and 93 miles northwest of Havana, Cuba, at 24.5 degrees north of the equator. Key West is the county seat of Monroe County. The city occupies the entire island as well as a portion of neighboring Stock Island to the northeast. The principal industry is tourism, and the U. S. Navy and Coast Guard and other Department of Defense agencies maintain a presence here as well.

The City's 2024 estimated permanent population was 25,824. In addition to the permanent population, the City is a world-renowned tourist destination and a popular location for second homes. The total number of people on Key West on an average day, including permanent residents, seasonal residents, the maritime population, overnight tourists, day-trippers, cruise ship visitors, commuters, and shoppers, is estimated to be over 50,000. This number would likely spike significantly during special events such as Fantasy Fest or New Year's Eve.

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

Overall Financial Condition

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

Airport arrivals at Key West International Airport increased 9.8 percent over 2023, however, the Tourist Development Council's (TDC) bed tax collections remained steady, showing no growth over the same period. Cruise ship passengers increased from 483,617 in 2023 to 532,570 in 2024, a 10.12 percent increase from the previous period.

Most community leaders agree that tourism is the current and future foundation of the local economy and what drives the financial viability of the City of Key West. 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 which is driven by the City's multitude of visitors on an

annual basis. If the City remains a desirable tourist destination, this revenue base should continue to remain dependable.

The City of Key West kept its ad valorem millage rate steady at 2.0822 for fiscal year 2024. Property values within the City of Key West experienced a 10.44% increase over the prior year and the resulting property tax collections increased by 11.66%, or \$2.2 million. This increase is evidence of a strong real estate market within the City of Key West with property values and real estate prices continuing to increase year after year.

As you will see in the financial sections, the operating results for 2024 were positive and the City remains in a strong financial position, however, the City will need to continue its efforts to find new, reoccurring sources of revenue so that it may continue to offer its residents and visitors the world-class experience that they request.

Financial Planning and Budgeting Controls

The City maintains strict budgetary controls. The objective of these budgetary controls is to ensure compliance with Florida Statute Section 166.241 provisions embodied in the annual appropriated budget approved by the City Commission. All departments of the City are required to submit budgetary requests to the City Manager, which are then reviewed and compiled to develop the City's annually appropriated budgets. Once compiled, the City Manager and Finance Staff present the proposed budget to the City Commission for input and review. The City Commission is required to hold two public hearings on the proposed budget and adopt a final budget no later than September 30th, the close of the City's fiscal year. City budgets are adopted for all governmental and proprietary funds except as noted below and are adopted on a generally accepted accounting principles basis, as applicable. This program is readopted annually based on changes in priority and funding. The City is not legally required to, and does not, adopt a budget for the Pension Funds.

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

Relevant Financial Policies

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

Revenue Policy

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

Cash Management and Investments Policy

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

As of September 30, 2024, the City had the following investment types in order of liquidity: Bank Deposits, Florida Prime, Florida Fixed Income Trust (FIT), Public Assets for Liquidity Management (FL-PALM), Federal Agency Discount Notes, Federally Sponsored Agency Notes, and U.S. Treasury Notes.

Debt Policy

The City seeks to maintain the highest bond rating to minimize borrowing costs. Debt is issued when necessary to finance capital projects but is never used for current operations. The City reviews and evaluates its existing obligations and future borrowing needs regularly.

During the development of the fiscal year 2024 budget, the increased need for external financing support to accelerate improvements to City streets and rights of way and other various City infrastructure and initiatives such as sea level rise and resiliency planning became evident. This need prompted the City to initiate the proceedings to place General Obligation Bond Referenda on the November 2024 general election ballot. The referenda were subsequently approved by the City's voting population and the City may issue General Obligation Bonds in the future to address the myriad of continuing capital projects that all aging communities face.

Fund Balances

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

Major Initiatives and Long-Term Planning

In order to meet the service demands of both residents and visitors to the City of Key West, the City maintains a multiyear Capital Improvement Program which is reviewed and approved by the Key West City Commission and continues to address the projects and initiatives identified to be priorities by the City's Strategic Plan. These projects and initiatives will have a positive impact on the City's future economic health and quality of life for the residents, businesses, and guests of our island through improving services and both enhancing and preserving public facilities and infrastructure.

During fiscal year 2024, projects the City completed or commenced include the following:

- Approximately \$4.9 Million in Sidewalk and Paving Projects
 - Began Work on Eaton Street Improvements in Partnership with FCAA and Monroe County
 - Completed Work on Flagler Avenue Pedestrian Improvements
 - Completed Pedestrian and Traffic Signalization Improvements to Kennedy Drive, Northside Drive, as well as White, United, and Virginia Streets
 - Completed Pearl Street Improvements
 - Completed Paving Improvements to the Simonton Beach Parking Lot
 - Continued Work on United Street Improvements
 - Continued Work on South Street Improvements
 - Continued Work on the Caroline, Elizabeth, and Greene Street Improvements
 - ADA Sidewalk and Ramp Improvements on Several City Streets
 - Completed Paving Improvements to Several City Streets, including Petronia and Fort Streets
- Installed New School Zone Flashing Beacons
- Installed Solar Street Lights on Greene Street
- Began Planning Phase of School Zone Striping and Signage Improvement Project
- Began Planning Phase of City's Efforts for City-Wide Traffic Signal Maintenance Upgrades
- Installed Gravel Surfacing at the Truman Waterfront Parking Lot
- Continued the Planning and Design of Southernmost Point Improvements
- Continued Work on the Staples Avenue Bridge Replacement
- Continued Work on the John Jones Navigation Center
- Continued Work on the Clinton Square Revitalization Project
- Continued the Planning Process for the Repair/Replace Analysis for the Marin Luther King Community Pool
- Continued the Planning and Design Process for Bayview Park Renovations
- Continued the Planning and Design Process for Fire Station 3 Renovations/Improvements
- Continued Work on the Reimagine Mallory Square Project
- Continued Planning for the Duval Street Revitalization
- Completed Improvements to the Cozumel Park Splash Pad
- Completed the Installation of Turf at the Dewitt Roberts Softball Field
- Continued Work on Smather's Beach Pavilion Renovations
- Completed the Beautification Process on the City of Key West Entry Point known as 'The Triangle'
- Continued LIDAR Collection for the City of Key West with Monroe County
- Began Working on the City of Key West Comprehensive Adaptation and Resilience Plan
- Began Working on the Key West Watershed Management Plan
- Began Working on a Wastewater Treatment Plant Resilience Plan
- Continued Supporting Affordable Housing Initiatives through Partnerships with the Key West Housing Authority, FKOC, AH Monroe, and Habitat for Humanity
- Initiated the Move-In Assistance Program for City of Key West Residents
- Continued Work on the 'Final Mile' Project to Install Bicycle/Pedestrian Improvements at City Bus Stops
- Began Working on City-Wide Comprehensive Safety Action Plan
- Continued Work on Wicker's Sports Complex Bike Trail Realignment
- Continued Construction on the Frederick Douglass Community Center
- Began the Planning and Design of Olivia, Angela, and Simonton Street Drainage Improvements
- Began Installation of the Transfer Station Scale House Automation
- Completed 10 Year Update of Transit Development Plan
- Continued Work on Wayfinding Improvements at the Key West Bight
- Began Construction on Improvements to the Key West Bight Ferry Terminal
- Began Planning Phase of Seawall Repairs at Angelfish Dock and Charter Boat Row at City Marina

- Completed the Installation of a Third Effluent Pump and UV System Upgrades at the City of Key West's Wastewater Treatment Plant
- Continued Various Equipment Upgrades at the City of Key West's Wastewater Treatment Plant
- Continued Pump Station Upgrades Located Throughout the City
- Continued Work to Relocate the Influent Force Main at Fleming Key
- Continued Work on a Sanitary Sewer Master Plan
- Completed Construction of Dennis Street Stormwater Pump and Outfall Improvements
- Continued Tide Valve and Outfall Improvement Initiative
- Continued Design Process on Harris and 10th Street Drainage and Sea Level Mitigation

Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Key West for its annual comprehensive financial report for the fiscal year ended September 30, 2023. This was the thirty-eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgments

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

Brian L. Barroso
City Manager

Christina Bervaldi
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Key West
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morill

Executive Director/CEO

City of Key West, Florida

List of Principal Officials

Elected Officials

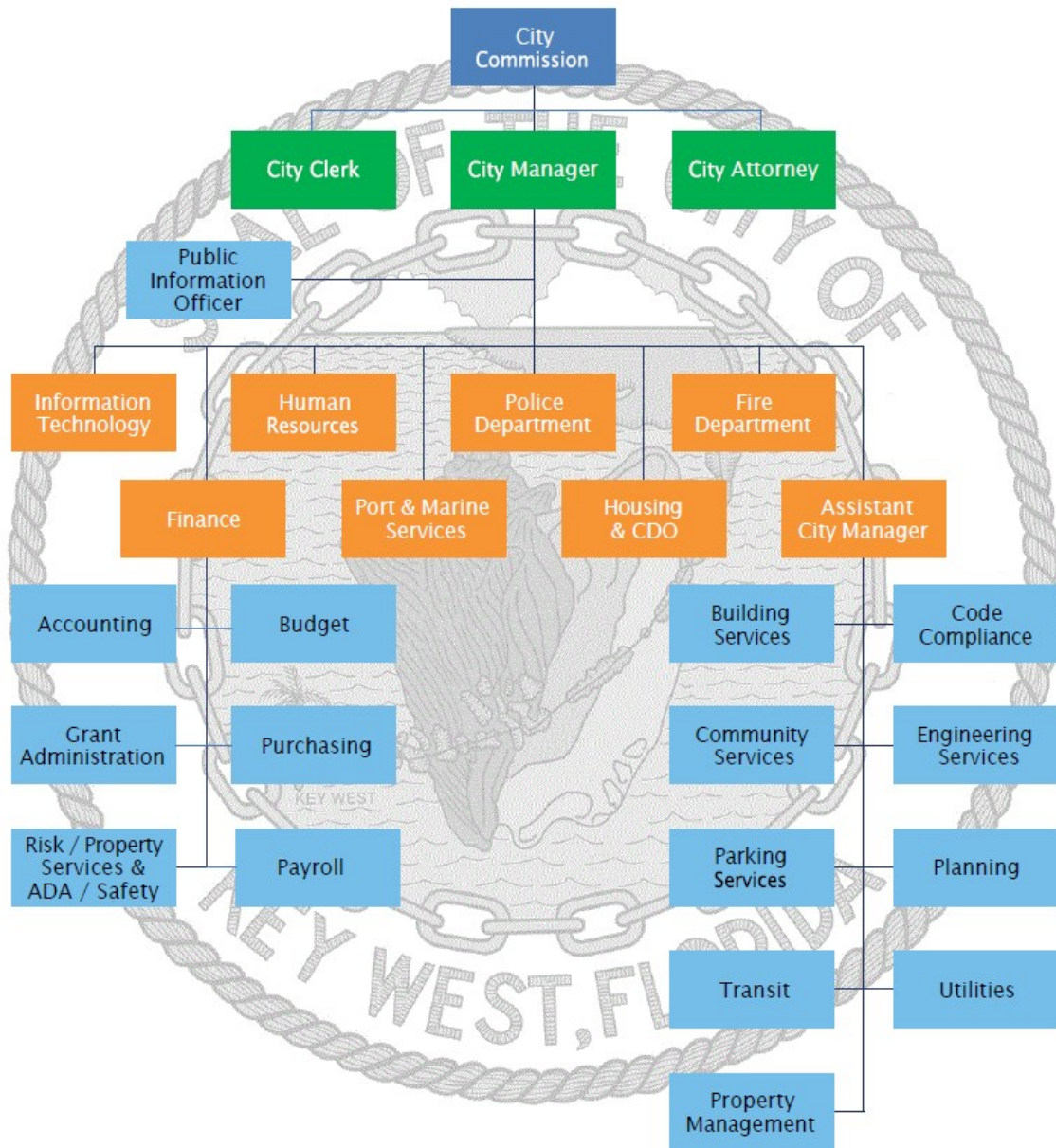
Mayor	Danise Henriquez
Vice-Mayor	Lissette Carey
Commissioner	Donald Lee
Commissioner	Monica Haskell
Commissioner	Sam Kaufman
Commissioner	Mary Lou Hoover
Commissioner	Aaron Castillo

Appointed Officials

City Manager	Brian L. Barroso
City Clerk	Keri O'Brien
Interim City Attorney	Kendal Harden

Department Directors

Assistant City Manager	Todd Stoughton
Assistant City Manager	Rod Delostrinos
Community Services	Marcus Davila
Engineering	David Allen
Finance and Budget	Christina Bervaldi
Fire Chief	Alan Averette
Growth Management	Patrick Wright
Human Resources	Bridget Flores
Information Technology	David Monroe
Parking	John Wilkins
Planning	Katie Halloran
Police Chief	Sean Brandenburg
Port and Marina Operations	Steve McAlearney
Transit	Rogelio Hernandez
Utilities	Matt Willman



City of Key West, Florida

Vision

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

Mission

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements 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 of Key West, Florida (the "City"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Police Officers Retirement Plan and Firefighter Retirement Plan (collectively, the "Plans"), which represent 54 percent, 56 percent, and 45 percent, respectively, of the assets, net position/fund balance, and revenues/additions of the aggregate remaining fund information as of September 30, 2024. Also, we did not audit the financial statements of the Housing Authority of the City, which is the only discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Pension Trust Fund for Police Officers and Firefighters and The Housing Authority of the City of Key West, Florida, are based solely on the reports of the other auditors.

Basis for Opinions

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

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.



Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

***Required Supplementary Information***

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

Supplementary Information

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

Other Information

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

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

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.



Other Reports Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Fort Lauderdale, Florida
May 22, 2025

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On behalf of the City of Key West, Florida, management presents, to the readers of the City's financial statements, this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2024. We are offering this discussion and analysis to provide the reader with a better understanding of the City's overall financial position. This should be considered in conjunction with the additional information in the transmittal letter which begins on page i and the City's financial statements which begin on page 17.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows at the close of fiscal year 2024 by \$ 449,650,788 (net position), which is an increase of \$ 18,023,589 compared to the prior year. Of this amount, \$ 84,649,840 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 \$ 59,230,370, an decrease of \$ 4,273,495 from the prior year. Approximately 27% of this amount (\$ 15,892,946) is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of committed, assigned and unassigned components of fund balance) for the general fund is \$ 25,902,084, or approximately 38% of total general fund expenditures.
- The City's total outstanding long-term debt decreased by \$ 1,628,447 during the current fiscal year. The decrease is attributed to regular payments on outstanding debt.

Overview of the Financial Statements

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

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 17. One of the most important questions asked about the City's finances is, "Is the City, as a whole, better off, or worse off as a result of the activities during fiscal year 2023-24?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is the accounting used by most private-sector companies. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

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

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

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

- **Governmental activities:** Most of the City's basic services are reported here, including the police, fire, community services and parks departments, as well as general administration. Property and other intergovernmental taxes, charges for services, and state and federal grants finance most of these activities.
- **Business-type activities:** The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's sewer, stormwater, solid waste, and transit systems, as well as, City marina facilities, are reported here.
- **Component units:** The City includes one separate legal entity in its report: The Housing Authority of the City of Key West, Florida ("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 19 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by state law and/or by bond covenants. However, the City Commission establishes other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two types of funds (governmental and proprietary) use different accounting approaches.

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

The City as Trustee

The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of trust arrangements, can be used only for the trust beneficiaries. All the City's fiduciary activities are reported in separate Statements of Net Position and Changes in Net Position - Fiduciary Funds on pages 28 and 29. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The City as a Whole

The City's combined net position increased from \$ 431,627,199 to \$ 449,650,788. Governmental activities increased \$ 8,928,419. Most of this increase is in the General Fund, Gas Tax Fund, and the Bahama Village and Caroline Street Corridor TIF Funds. Business type activities increased \$ 9,095,170. The increases were recognized in the Sewer Fund, Solid Waste Fund, Key West Bight Fund and Garrison Bight Fund.

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

Total net position is comprised of \$ 329,834,755 net investment in capital assets, \$ 35,166,193 restricted for capital projects, transportation, building, housing initiatives, and other purposes, and \$ 84,649,840 in unrestricted funds. Our analysis below, focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

**Table 1
Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 24	FY 23	FY 24	FY 23	FY 24	FY 23
Current and other assets	\$ 77,685,658	\$ 84,607,664	\$ 89,548,078	\$ 82,880,048	\$ 167,233,736	\$ 167,487,712
Capital assets	<u>199,022,846</u>	<u>179,660,485</u>	<u>140,056,665</u>	<u>140,924,778</u>	<u>339,079,511</u>	<u>320,585,263</u>
Total assets	<u>276,708,504</u>	<u>264,268,149</u>	<u>229,604,743</u>	<u>223,804,826</u>	<u>506,313,247</u>	<u>488,072,975</u>
Total deferred outflows of resources	<u>32,655,927</u>	<u>42,572,047</u>	<u>2,211,898</u>	<u>2,237,150</u>	<u>34,867,825</u>	<u>44,809,197</u>
Current liabilities	7,927,062	8,955,466	4,028,370	4,406,661	11,955,432	13,362,127
Long-term debt and other noncurrent liabilities	<u>45,500,086</u>	<u>47,534,351</u>	<u>7,859,484</u>	<u>8,724,793</u>	<u>53,359,570</u>	<u>56,259,144</u>
Total liabilities	<u>53,427,148</u>	<u>56,489,817</u>	<u>11,887,854</u>	<u>13,131,454</u>	<u>65,315,002</u>	<u>69,621,271</u>
Total deferred inflows of resources	<u>13,858,307</u>	<u>17,199,822</u>	<u>12,349,586</u>	<u>14,433,880</u>	<u>26,207,893</u>	<u>31,633,702</u>
Net position:						
Net investment in capital assets	195,858,505	178,157,091	133,976,250	133,183,503	329,834,755	311,340,594
Restricted	35,166,193	37,970,474	-	-	35,166,193	37,970,474
Unrestricted	<u>11,054,278</u>	<u>17,022,992</u>	<u>73,602,951</u>	<u>65,293,139</u>	<u>84,657,229</u>	<u>82,316,131</u>
Total net position	\$ <u>242,078,976</u>	\$ <u>233,150,557</u>	\$ <u>207,579,201</u>	\$ <u>198,476,642</u>	\$ <u>449,658,177</u>	\$ <u>431,627,199</u>

Governmental Activities – Net Position

The \$ 242,078,976 in net position of the City's governmental activities is comprised of \$ 195,858,505 net investment in capital assets, \$ 35,166,193 in restricted net position, and \$ 11,054,278 in unrestricted net position, which is the part of net position that can be used to finance day-to-day operations of the General Fund and other governmental activities.

**City of Key West, Florida
Management’s Discussion and Analysis
September 30, 2024**

The largest portion of the City’s governmental activities’ net position is represented by the net invested in capital assets (e.g., land, building, infrastructure, and equipment), totaling \$ 195,858,505 or 81% of the net position. These assets are used to provide services throughout the City and are not available for future spending. The investment in capital assets increased from the previous year by \$ 17,701,414. This is primarily the result of new additions and disposals netted against the current year depreciation expense of \$ 8,317,646.

The restricted net position of \$ 35,166,193, comprises 15% of the total governmental net position. This portion of net position is restricted to comply with the requirements of the special revenue funds or other legal requirements. This was a decrease of \$ 2,804,281 from the previous year. The decrease is mainly attributable to a large decrease in the Bahama Village TIF Fund balance which is restricted to housing initiatives and urban redevelopment, however, there was also an increase in the General Fund which is restricted to the Building Department.

Unrestricted net position decreased by \$ 5,968,714 compared to the prior fiscal year. While there was an increase in charges for service revenues, there was a large decrease in operating grant revenue received. In the prior year, the City received a large funding allocation from the American Rescue Plan Act in the General Fund which is not a reoccurring revenue.

Business-Type Activities – Net Position

The \$ 207,571,812 in net position of the City’s business type activities is comprised of \$ 133,976,250 net investment in capital assets and \$ 73,595,562 in unrestricted net position. This is an increase of 4.6% in net position.

The net investment in capital assets increased from the previous year by \$ 792,747, or .6%. This change was the result of new additions netted against current year depreciation of \$ 8,196,285 and offset by the repayment of debt. Unrestricted net position increased \$ 8,302,423, or 12.7%. This increase in unrestricted net position was primarily attributable to increased revenues in the Key West Bight Fund, but also increases in the Sewer Fund, Solid Waste Fund, and Garrison Bight Fund.

**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 24	FY 23	FY 24	FY 23	FY 24	FY 23
Revenues:						
Program Revenues:						
Charges for services	\$ 23,812,880	\$ 21,365,679	\$ 48,233,040	\$ 46,570,163	\$ 72,045,920	\$ 67,935,842
Operating grants and contributions	5,630,208	15,872,588	7,078,548	3,104,240	12,708,756	18,976,828
Capital grants and contributions	1,064,976	1,100,599	1,605,100	168,566	2,670,076	1,269,165
General Revenues:						
Taxes: property and other	49,396,270	45,873,282	-	-	49,396,270	45,873,282
Intergovernmental	195,353	194,896	-	-	195,353	194,896
Investment earnings	3,547,849	2,405,335	3,485,848	2,756,307	7,033,697	5,161,642
Other revenues	1,454,243	1,258,011	1,410,791	1,492,771	2,865,034	2,750,782
Total revenues	85,101,779	88,070,390	61,813,327	54,092,047	146,915,106	142,162,437

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 24	FY 23	FY 24	FY 23	FY 24	FY 23
Program Expenses:						
General government	23,926,353	22,124,150	-	-	23,926,353	22,124,150
Public safety	46,800,353	40,621,625	-	-	46,800,353	40,621,625
Transportation	6,080,599	5,144,009	-	-	6,080,599	5,144,009
Economic environment	1,954,811	2,684,822	-	-	1,954,811	2,684,822
Culture and recreation	6,065,393	4,849,714	-	-	6,065,393	4,849,714
Human services	1,394,141	978,469	-	-	1,394,141	978,469
Sanitary Sewer System	-	-	12,780,593	11,666,523	12,780,593	11,666,523
Solid Waste	-	-	9,947,519	9,058,049	9,947,519	9,058,049
Stormwater	-	-	3,001,697	3,268,974	3,001,697	3,268,974
Marinas (Key West and Garrison Bight)	-	-	10,271,860	10,137,971	10,271,860	10,137,971
Transit	-	-	6,668,198	5,996,773	6,668,198	5,996,773
Total expenses	86,221,650	76,402,789	42,669,867	40,128,290	128,891,517	116,531,079
Increase in net position before transfers	(1,119,871)	11,667,601	19,143,460	13,963,757	18,023,589	25,631,358
Transfers (net)	10,048,290	9,546,532	(10,048,290)	(9,546,532)	-	-
Changes in net position	8,928,419	21,214,133	9,095,170	4,417,225	18,023,589	25,631,358
Net Position, October 1	233,150,557	211,936,424	198,476,642	194,059,417	431,627,199	405,995,841
Net Position, September 30	\$ 242,078,976	\$ 233,150,557	\$ 207,571,812	\$ 198,476,642	\$ 449,650,788	\$ 431,627,199

The City’s total revenues exceeded total expenditures in the current year, which resulted in an increase of \$ 18,023,589 in net position for fiscal year 2024.

The City's total revenues reported are \$ 146,915,106, which represents a 3.34% increase from the prior year. The total revenues in part represent \$ 72,045,920 in charges for services, \$ 12,708,756 in operating grants and contributions, and \$ 49,396,270 in property and other taxes. Total expenses of \$ 128,891,517, or an increase of 10.61% are reported. As shown above, revenues have increased, and expenses have increased for the year.

Governmental Activities – Changes in Net Position

Total revenues for the City's governmental activities of \$ 85,101,779 include \$ 23,812,880 in fees, fines and charges for services, \$ 5,630,208 in operating grants and contributions, \$ 3,547,849 in investment earnings, as well as, \$ 49,396,270 in property, state shared and local taxes.

For the year, the City’s governmental revenues had a decrease of 3.4%, or \$ 2,968,611 over fiscal year 2023.

There was approximately a \$ 10,242,380 decrease in operating grants and contributions. In fiscal year 2023, the City received approximately \$ 11,500,000 from the American Rescue Plan Act which was a one-time funding allocation for the City. This large allocation of grant funding was not received in the current year and was the main factor of the large decrease.

Approximately \$ 2,447,201 of the change was fines, fees and charges for services. There was a 7.68% increase, or \$ 3,522,988, to tax collections, and a \$ 196,232 increase in other revenue collections between 2023 and 2024. Investment earnings increased \$ 1,142,514 over fiscal year 2023. This increase is attributable to the state of the global economic recovery in 2024.

The cost of all governmental activities this year was \$ 86,221,650. However, as shown in the Statement of Activities on page 18, the amount that our taxpayers ultimately financed for these activities, through City ad valorem taxes, was \$ 22,592,858. This is because \$ 23,812,880 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 \$ 6,695,184. The City paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

Table 3 presents the cost of each of the City's five largest programs: general government, public safety, culture and recreation, transportation, and economic environment as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions. As you can see, the main profit-making program is transportation due to the inclusion of cruise-ship and parking revenues, and the program with the most significant net cost for service is Public Safety, which had a total net cost increase of \$ 4,729,066, or 14.36%, mainly due to the addition of personnel and an increase in the cost of benefits and operational needs. Net Cost for governmental activities overall increased \$ 17,649,663. This increase is mainly due to the increased construction costs being realized in the current year.

Table 3
Governmental Activities

	Total Cost of Services		Net (Cost) Profit of Services	
	FY 24	FY 23	FY 24	FY 23
General government	\$ 23,926,353	\$ 22,124,150	\$ (19,489,953)	\$ (5,780,083)
Public safety	46,800,353	40,621,625	(37,653,037)	(32,923,971)
Culture and recreation	6,065,393	4,849,714	(2,417,678)	(2,026,922)
Transportation	6,080,599	5,144,009	3,544,553	5,058,018
Economic environment	1,954,811	2,684,822	1,696,670	(1,412,496)
Human services	1,394,141	978,469	(1,394,141)	(978,469)
Totals	\$ 86,221,650	\$ 76,402,789	\$ (55,713,586)	\$ (38,063,923)

Business-Type Activities – Changes in Net Position

Revenues of the City's business-type activities (see Table 2) increased by 14.3% (\$ 54,092,047 in 2023 compared to \$ 61,813,327 in 2024). This increase in revenues is mainly attributable to the \$ 4,021,541 American Rescue Plan Act grant revenue received in the Key West Bight Fund for the Ferry Terminal Revitalization project, as well as the \$ 729,541 increase in investment earnings accumulated in the Sewer, Solid Waste, Key West Bight, Stormwater, and Garrison Bight funds.

The cost of business-type activities increased 6.3%, for a total of \$ 2,541,577. Most of this expense was realized in personnel services, which had a 21.5% increase over fiscal year 2023. This is mostly related to increased salaries and cost of benefits from the previous year.

Financial Analysis of the City's Funds

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

Governmental funds: As of September 30, 2024, the City's governmental funds reported combined fund balances of \$ 59,230,370, which is a decrease of \$ 4,273,495 in comparison to the prior fiscal year. Fund balance across the major governmental funds decreased \$ 172,502. The nonmajor funds decreased \$ 4,100,993.

The General Fund is the chief operating fund of the City. As of September 30, 2024, the unassigned fund balance account in the General Fund was \$ 15,892,946, an decrease of \$ 4,997,374, or 23.9%, from fiscal year 2023. Most of the decrease is attributable to one-time funding allocations for the fiscal year 2025 budget for improvements to infrastructure and street and sidewalks. The unassigned fund balance amount represents approximately 23% of the 2024 General Fund budgeted expenditures, excluding capital outlay. Discussed later in the financials, this put the unassigned fund balance within the City's minimum fund balance policy of between 20% and 25% of budgeted expenditures.

Revenues in the General Fund, decreased by \$ 1,790,323 or 2.9%. In fiscal year 2023, the General Fund received a large grant revenue allocation which was nonrecurring from the American Rescue Plan Act. This grant allocation is the main cause of the \$ 8,800,000 decrease in intergovernmental revenues for the current year, however, the City experienced increases in almost all other categories. Tax collections in the General Fund increased \$ 2,100,000 as a result of a 9.96% increase to millage over the roll-back rate and an increase in the collections of amusement franchise fees, licenses and permit collections increased total of \$ 3,100,000 with a \$ 1,200,000 increase in building permit fees collections, an increase in charges for service of \$ 568,200 which is mainly attributable to parking revenue, and an increase of \$ 752,200 in investment earnings.

Total General Fund expenditures increased 7.0% over prior year for a total of \$ 4,444,287. The largest contributing factor to the increase is personnel costs. In fiscal year 2024, all employees received cost of living adjustments in addition to merit increases and/or step increases.

Fund balance in the Infrastructure Surtax Fund decreased \$ 1,966,091. The revenues increased by \$ 882,261. Tax revenue in the fund decreased \$ 8,952 from the prior year, however, grant revenue increased approximately \$ 707,000. Total expenditures decreased by \$ 5,358,187, which is mainly attributable to the timing of the delivery of capital equipment purchases.

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

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

Fund	Unrestricted Net Position	
	FY 24	FY 23
Sanitary Sewer System	\$ 17,709,381	\$ 17,353,301
Solid Waste	12,649,308	11,314,287
Stormwater	3,913,653	3,300,638
Key West Bight	34,130,540	28,911,810
Garrison Bight	5,179,083	4,142,504
Transit System	13,597	270,599
	<u>\$ 73,595,562</u>	<u>\$ 65,293,139</u>

The Sanitary Sewer System Fund net position had an increase of \$ 3,010,802. Net investments in capital assets increased approximately \$ 2,655,000 as debt service decreased approximately \$ 1,628,000 netted with capital additions, disposals, and depreciation. Unrestricted net position increased \$ 356,080 resulting from an increase in operating revenues which outpaced the increase in operating expenditures.

The Solid Waste Fund net position had an increase of \$ 1,177,402. Net investments in capital assets decreased approximately \$ 158,000 as depreciation of existing assets exceeded the value of capital additions. Unrestricted net position increased \$ 1,335,021. Charges for services revenue exceeded expenses.

The Key West Bight Fund net position increased \$ 5,869,857. Net investment in capital assets increased approximately \$ 650,000 as additions exceeded disposal and depreciation expense. Unrestricted net position increased \$ 5,218,730. Charges for services decreased approximately \$ 470,000 while non-operating revenues increased approximately \$ 4,400,000.

The Transit System Fund net position decreased \$ 1,179,664. Net investment in capital assets decreased approximately \$ 923,000 as depreciation of existing assets exceeded the value of capital additions. Unrestricted net position decreased \$ 257,002. Charges for services have not exceeded expenses.

Fiscal Year 2023-24 General Fund Budgetary Highlights

For almost the entire fiscal year 2024, the City made various budget amendments which were approved by the City Commission to maintain budget compliance within its major categories. As required by City code, all contracts and purchases more than \$ 50,000 were approved by the City Commission.

General Fund overall revenues were over budget by \$ 5,683,063. The following is a breakdown by major revenue category:

- Taxes were under budget by \$ 135,355. The negative variance is mostly due to State Telecommunications Tax collections being lower than the State originally predicted, however, there was also a positive variance in amusement revenues collected due to higher gross revenues for our amusement franchisee.
- Licenses and Permits were over budget by \$ 3,680,570. This net positive variance reflects an increase in Business License collections, a significant increase in Building Permit collections, an increase in HARC permit fees, and an increase in tree removal permit fees signified by the first full year of tree permit activity.
- Intergovernmental were under budget by \$ 612,499. This is primarily due to the timing of grant revenue collections from a Port Safety grant awarded to the City.
- Charges for Services were over budget by \$ 394,199. Planning and zoning revenues were higher than budgeted due to several large development projects in process, there was an increase in ambulance fee collections due to a higher frequency of EMS calls, and a slight increase to parking meter revenue.
- Fines and Forfeitures were over budget by \$ 264,927. This positive variance is due mainly to the increase in parking citation fee revenues.
- Investment were over budget by \$ 1,611,601. Investment revenue had a positive variance due to the higher returns experienced on investments.
- Rental Income was over budget by \$ 200,895 as a result of the higher gross revenues for several percent lease properties.
- Contributions and other was over budget by \$ 278,726. This positive variance is made up of unbudgeted Tree Commission Donations and Mounted Police Donations, an Opioid settlement in the amount of \$ 41,172, and an effort to collect unclaimed property belonging to the City from the State.

Total General Fund expenditures were lower than the budget by \$ 4,050,179. Personnel services were under budget by \$ 818,569; primarily due to the number of open positions throughout the City and the cost of health insurance renewals being lower than estimated. Operating costs were under budget by \$ 1,682,054 due to higher estimates than actuals for items such as fuel, travel, utilities, and outside legal fees. Capital outlay was under budget by \$ 1,550,352, which is due to timing delays when receiving capital purchases, including the Mobile Command Center for KWPD.

Capital Assets

The City of Key West total capital assets for Governmental and Business-Type Activities as of September 30, 2024 amount to \$ 339,079,511. The City's investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, utility system, machinery, equipment and furniture. (See Table 4 below).

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 24	FY 23	FY 24	FY 23	FY 24	FY 23
Capital assets, not being depreciated:						
Land	\$ 56,605,896	\$ 56,605,896	\$ 18,681,034	\$ 18,681,034	\$ 75,286,930	\$ 75,286,930
Works of art	137,400	137,400	-	-	137,400	137,400
Construction in progress	25,701,791	8,639,920	16,752,875	16,908,984	42,454,666	25,548,904
Capital assets, being depreciated:						
Buildings and improvements	55,752,407	55,752,407	58,118,494	58,118,494	113,870,901	113,870,901
Machinery, equipment and furniture	39,880,673	33,853,698	20,777,588	20,029,316	60,658,261	53,883,014
Works of art	220,510	220,510	-	-	220,510	220,510
Infrastructure	111,415,619	108,236,163	195,404,869	188,867,549	306,820,488	297,103,712
Depreciation	<u>(90,691,450)</u>	<u>(83,785,509)</u>	<u>(169,678,195)</u>	<u>(161,680,599)</u>	<u>(260,369,645)</u>	<u>(245,466,108)</u>
Totals	\$ <u>199,022,846</u>	\$ <u>179,660,485</u>	\$ <u>140,056,665</u>	\$ <u>140,924,778</u>	\$ <u>339,079,511</u>	\$ <u>320,585,263</u>

This year's major additions included:

In the governmental activities, the City recognized \$ 27,680,007 in capital additions. Construction in progress additions were \$ 18,435,518. The Gas Tax Fund recognized approximately \$ 1,712,611 for ongoing improvements to streets and sidewalks throughout the City including pedestrian improvements, and the Infrastructure Fund recognized \$ 1,496,044 in several ongoing construction projects, including the beautification of the entrance to Key West and improvements to several parks throughout the City. Machinery and Equipment had additions of \$ 7,365,586.

In the Business-Type Activities:

- The Sanitary Sewer Fund added \$ 223,250 in capital equipment and \$ 2,552,393 in infrastructure improvements to the UV System and the addition of deep well injection pumps. There are several large ongoing projects which increased Construction in progress by \$ 1,643,000.
- The Stormwater Fund added \$ 3,356,000 in improvements other than buildings with the completion of the Dennis Street Pump and Outfall project.
- The Solid Waste Fund added \$ 583,000 in improvements other than buildings and \$221,000 in various machinery and equipment.
- The Key West Bight Fund added \$ 151,643 in capital equipment, and Construction in progress increased by \$ 1,588,000 with the multiple ongoing projects in the fund including the 631 Greene Street Redevelopment, Ferry Terminal Improvements, and Wayfinding Enhancements.
- The Transit System Fund added \$ 98,000 in capital equipment.
- The Garrison Bight Fund had an increase of \$ 177,000 to construction in progress. In addition, various machinery and equipment was added.

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

Debt Administration

At year-end, the City had \$ 5,152,160 in outstanding long-term debt as shown in Table 5:

Table 5
Outstanding Long Term Debt at Year-End

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 24	FY 23	FY 24	FY 23	FY 24	FY 23
Revenue bonds and notes	\$ -	\$ -	\$ 5,152,160	\$ 6,780,607	\$ 5,152,160	\$ 6,780,607
Totals	\$ -	\$ -	\$ 5,152,160	\$ 6,780,607	\$ 5,152,160	\$ 6,780,607

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

As predicted, overall revenue collections, including those generated locally and shared via intergovernmental relationships, remained steady from fiscal year 2023 to fiscal year 2024 while the cost of labor, goods, and services continued to rise. The City continued to have a strong financial position and remained focused on providing quality service to its residents and visitors alike.

When the City began its budget development for fiscal year 2025, both short-term and long-term goals and priorities were reassessed and solidified based on the City’s various infrastructure needs, to include investments in parks and recreation, traffic and pedestrian improvements, and resiliency efforts. While the demand for improved service throughout the City remains paramount, the City must continue to ensure that we retain adequate reserve funding to account for any unforeseen expenditures or revenue shortfalls which may arise.

The City’s largest revenue source in the General Fund is ad valorem taxes, which make up approximately 30 percent of the total revenues, excluding reserves. Although property values continue to rise and the various tourism-related revenues that the City generates remain steady, the City will need to continue its efforts to identify new revenue sources and areas for potential revenue increases to balance its revenue resources with the capital and operating needs of the City.

The fiscal year 2025 General Fund budget is \$ 98.7 million, which is approximately a \$ 8.8 million (or 9.75%) increase from the original adopted fiscal year 2024 budget of \$ 89.9 million. This increase includes a 7.66% increase in personnel services, a 7.82% increase in operating costs, and a 26.62% increase in capital outlay. Increases to personnel services are per collective bargaining agreements along with increases in health insurance and other benefits. Operating increases are primarily due to the continuing increases in the costs for contracts for service, higher costs for fuel, and increased manufacturing and shipping costs. These increases are supported through by a 5.80% increase to ad valorem taxes, increases to parking revenue, including permits and citations, and other various charges for services.

The City's fiscal year 2025 City wide adopted budget is \$ 262.5 million, which is approximately a \$ 10.5 million increase (or 4.16%) from the original adopted fiscal year 2024 budget of \$ 252.0 million. Charges for services for the City's three utilities were adjusted for fiscal year 2025 to account for increased contract pricing and ongoing capital infrastructure needs. Specifically, wastewater, stormwater and solid waste were adjusted 10%, 3% and 2.5%, respectively. Most city-wide commercial tenant leases have built-in fixed increases and all other marina fees were left unchanged for fiscal year 2025.

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, 2024

	Primary Government			Component Unit Housing Authority
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash, cash equivalents, and investments	\$ 57,598,711	\$ 68,900,032	\$ 126,498,743	\$ 8,775,652
Accounts receivable (net of allowances)	2,411,922	2,958,907	5,370,829	142,345
Lease receivables	6,715,912	11,814,816	18,530,728	-
Intergovernmental receivables	6,323,940	5,681,921	12,005,861	1,195,893
Inventories	25,493	581,458	606,951	186,531
Prepaid items and other assets	1,078,832	-	1,078,832	1,329,868
Internal balances	2,022,252	(2,022,252)	-	-
Other, including loans, mortgages, and other notes receivable	1,508,596	1,142,907	2,651,503	-
Cash, cash equivalents, and investments (restricted)	-	490,289	490,289	3,523,200
Capital assets, not being depreciated:				
Land	56,605,896	18,681,034	75,286,930	15,163,552
Works of art	137,400	-	137,400	-
Construction in progress	25,701,791	16,752,875	42,454,666	297,431
Capital assets, being depreciated:				
Buildings and improvements	55,752,407	58,118,494	113,870,901	112,494,169
Machinery, equipment and furniture	39,880,673	20,777,588	60,658,261	2,442,712
Works of art	220,510	-	220,510	-
Infrastructure	111,415,619	195,404,869	306,820,488	1,206,645
Accumulated depreciation	(90,691,450)	(169,678,195)	(260,369,645)	(45,415,467)
Total assets	276,708,504	229,604,743	506,313,247	101,342,531
Deferred Outflows of Resources:				
Deferred outflows relating to pensions	31,335,952	2,099,145	33,435,097	1,068,107
Deferred outflows relating to other post employment benefits (OPEB)	1,319,975	96,521	1,416,496	474,716
Deferred charge on refunding	-	16,232	16,232	-
Total deferred outflows of resources	32,655,927	2,211,898	34,867,825	1,542,823
Liabilities:				
Accounts payable and accrued liabilities	1,344,954	1,270,283	2,615,237	580,169
Accrued payroll and benefits	177,356	30,661	208,017	-
Unearned revenue	3,143,793	1,714,668	4,858,461	91,768
Intergovernmental	66,424	-	66,424	102,473
Deposits	30,194	-	30,194	657,547
Contracts payable	3,164,341	944,487	4,108,828	-
Accrued interest	-	68,271	68,271	201,712
Long-term liabilities:				
Due within one year	5,007,290	2,148,306	7,155,596	8,837,956
Due in more than one year	40,492,796	5,711,178	46,203,974	58,032,427
Total liabilities	53,427,148	11,887,854	65,315,002	68,504,052
Deferred Inflows of Resources:				
Deferred inflows relating to pensions	1,720,077	262,878	1,982,955	44,498
Deferred inflows relating to leases	6,583,524	11,651,258	18,234,782	-
Deferred inflows relating to other post employment benefits (OPEB)	5,554,706	435,450	5,990,156	522,812
Total deferred inflows of resources	13,858,307	12,349,586	26,207,893	567,310
Net Position:				
Net investment in capital assets	195,858,505	133,976,250	329,834,755	22,644,753
Restricted for:				
Infrastructure and capital projects	13,186,068	-	13,186,068	-
Transportation	7,302,805	-	7,302,805	-
Building Department	4,555,206	-	4,555,206	-
Natural resources	2,853,344	-	2,853,344	-
Housing initiatives and urban redevelopment	6,973,897	-	6,973,897	2,857,112
Law enforcement	294,873	-	294,873	-
Unrestricted	11,054,278	73,602,951	84,657,229	8,312,127
Total net position	\$ 242,078,976	\$ 207,579,201	\$ 449,658,177	\$ 33,813,992

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

City of Key West, Florida
Statement of Activities
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Housing Authority
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 23,926,353	\$ 4,402,841	\$ 1,559	\$ 32,000	\$ (19,489,953)	\$ -	\$ (19,489,953)	\$ -
Public safety	46,800,353	8,832,623	180,066	134,627	(37,653,037)	-	(37,653,037)	-
Transportation	6,080,599	9,595,207	-	29,945	3,544,553	-	3,544,553	-
Economic environment	1,954,811	-	3,151,481	500,000	1,696,670	-	1,696,670	-
Culture and recreation	6,065,393	982,209	2,297,102	368,404	(2,417,678)	-	(2,417,678)	-
Human services	1,394,141	-	-	-	(1,394,141)	-	(1,394,141)	-
Total governmental activities	86,221,650	23,812,880	5,630,208	1,064,976	(55,713,586)	-	(55,713,586)	-
Business-Type Activities:								
Sanitary Sewer System	12,780,593	14,243,030	-	1,098,738	-	2,561,175	2,561,175	-
Solid Waste	9,947,519	12,305,492	15,000	-	-	2,372,973	2,372,973	-
Key West Bight	7,555,820	14,292,371	4,021,541	-	-	10,758,092	10,758,092	-
Stormwater	3,001,697	2,536,702	-	264,514	-	(200,481)	(200,481)	-
Garrison Bight	2,716,040	3,352,110	32,535	-	-	668,605	668,605	-
Transit System	6,668,198	1,503,335	3,009,472	241,848	-	(1,913,543)	(1,913,543)	-
Total business-type activities	42,669,867	48,233,040	7,078,548	1,605,100	-	14,246,821	14,246,821	-
Total primary government	\$ 128,891,517	\$ 72,045,920	\$ 12,708,756	\$ 2,670,076	(55,713,586)	14,246,821	(41,466,765)	-
Component Unit:								
The Housing Authority of the City of Key West, Florida	\$ 22,168,120	\$ 13,987,200	\$ 7,291,109	\$ 88,334				(801,477)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					22,592,858	-	22,592,858	-
Communications taxes					1,306,432	-	1,306,432	-
Local business tax					2,557,582	-	2,557,582	-
Municipal revenue sharing gas and cigarette tax					2,069,836	-	2,069,836	-
One cent sales tax					12,751,991	-	12,751,991	-
Half cent sales tax					6,350,289	-	6,350,289	-
Local option gas tax					1,767,282	-	1,767,282	-
Intergovernmental income (unrestricted)					195,353	-	195,353	-
Payment in lieu of tax					644,747	-	644,747	-
Investment earnings					3,547,849	3,485,848	7,033,697	389,610
Other					809,496	1,410,791	2,220,287	2,410,480
Transfers					10,048,290	(10,048,290)	-	-
Total general revenues and transfers					64,642,005	(5,151,651)	59,490,354	2,800,090
Change in net position					8,928,419	9,095,170	18,023,589	1,998,613
Net Position, October 1					233,150,557	198,476,642	431,627,199	31,815,379
Net Position, September 30					\$ 242,078,976	\$ 207,571,812	\$ 449,650,788	\$ 33,813,992

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

City of Key West, Florida
Balance Sheet
Governmental Funds
September 30, 2024

	<u>General Fund</u>	<u>Infrastructure Surtax Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash, cash equivalents, and investments	\$ 26,463,458	\$ 11,425,046	\$ 17,442,346	\$ 55,330,850
Receivables (net of allowance for uncollectibles):				
Accounts	1,944,676	-	266,599	2,211,275
Intergovernmental	970,923	3,049,380	2,303,637	6,323,940
Mortgage notes	-	-	1,508,596	1,508,596
Interfund	-	-	1,500,000	1,500,000
Lease	6,715,912	-	-	6,715,912
Inventories	25,493	-	-	25,493
Advances to other funds	311,216	-	-	311,216
Prepays	3,822	1,004,913	300	1,009,035
Total assets	<u>\$ 36,435,500</u>	<u>\$ 15,479,339</u>	<u>\$ 23,021,478</u>	<u>\$ 74,936,317</u>
Liabilities:				
Accounts payable and accrued liabilities	\$ 532,579	\$ -	\$ 802,949	\$ 1,335,528
Accrued payroll and related expenditures	171,417	1,357	3,826	176,600
Interfund	1,171,426	5,290	35,890	1,212,606
Intergovernmental	66,424	-	-	66,424
Deposits	30,194	-	-	30,194
Unearned revenue	1,451,417	-	1,685,313	3,136,730
Contracts payable	53,516	1,508,311	1,602,514	3,164,341
Total liabilities	<u>3,476,973</u>	<u>1,514,958</u>	<u>4,130,492</u>	<u>9,122,423</u>
Deferred Inflows of Resources:				
Leases	6,583,524	-	-	6,583,524
Fund Balances:				
Nonspendable:				
Inventories	25,493	-	-	25,493
Long-term advances/notes	311,216	-	-	311,216
Prepays	3,822	1,004,913	300	1,009,035
Leases	132,388	-	-	132,388
Restricted for:				
Infrastructure and capital projects	-	12,959,468	226,600	13,186,068
Housing initiatives and urban redevelopment	-	-	6,973,897	6,973,897
Law enforcement	-	-	294,873	294,873
Building department	4,555,206	-	-	4,555,206
Transportation	-	-	7,302,805	7,302,805
Natural resources	-	-	2,853,344	2,853,344
Committed to:				
Art in public places	-	-	172,824	172,824
Truman Waterfront	-	-	45,920	45,920
Renewable resources	-	-	643,698	643,698
Housing initiatives and urban redevelopment	-	-	376,725	376,725
Culture and recreation	152,564	-	-	152,564
Assigned to:				
Subsequent year's budget	5,301,368	-	-	5,301,368
Unassigned	15,892,946	-	-	15,892,946
Total fund balances	<u>26,375,003</u>	<u>13,964,381</u>	<u>18,890,986</u>	<u>59,230,370</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 36,435,500</u>	<u>\$ 15,479,339</u>	<u>\$ 23,021,478</u>	<u>\$ 74,936,317</u>

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

City of Key West, Florida
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
September 30, 2024

Fund Balances - Total Governmental Funds \$ 59,230,370

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. 199,022,846

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. 1,091,029

Certain funds related to pension and OPEB deferred inflows/outflows are not reported in the governmental funds.

Deferred outflows relating to pensions	\$ 31,335,952	
Deferred outflows relating to other post employment benefits (OPEB)	1,319,975	
Deferred inflows relating to pensions	(1,720,077)	
Deferred inflows relating to other post employment benefits (OPEB)	<u>(5,554,706)</u>	25,381,144

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

Net pension liability	\$ (31,379,584)	
Total other post employment benefits (OPEB) liability	(5,310,935)	
Compensated absences*	<u>(5,955,894)</u>	<u>(42,646,413)</u>

Net Position of Governmental Activities \$ 242,078,976

* Not created in connection with terminated employees.

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

City of Key West, Florida
Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds
For the Year Ended September 30, 2024

	<u>General Fund</u>	<u>Infrastructure Surtax Capital Projects Fund</u>	<u>Community Development Office Fund</u>	<u>Gas Tax Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Taxes	\$ 22,878,898	\$ 12,751,991	\$ -	\$ -	\$ -	\$ 3,504,871	\$ 39,135,760
Licenses and permits	8,682,123	-	-	-	-	-	8,682,123
Intergovernmental	11,913,802	2,399,644	-	-	-	1,957,056	16,270,502
Charges for services	11,132,620	-	-	-	-	1,727,342	12,859,962
Fines and forfeitures	1,199,427	-	-	-	-	3,682	1,203,109
Investment earnings	1,761,601	647,242	-	-	-	1,139,006	3,547,849
Rental income	2,546,970	-	-	-	-	-	2,546,970
Contributions and other	332,576	32,584	-	-	-	490,344	855,504
Total revenues	<u>60,448,017</u>	<u>15,831,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,822,301</u>	<u>85,101,779</u>
Expenditures:							
Current:							
General government	22,045,105	363,095	-	-	-	62,047	22,470,247
Public safety	39,304,561	27,230	-	-	-	44,019	39,375,810
Transportation	327,084	39,092	-	-	-	2,068,822	2,434,998
Economic environment	444,596	-	-	-	-	1,150,227	1,594,823
Culture and recreation	3,990,738	-	-	-	-	1,615,662	5,606,400
Human services	865,139	-	-	-	-	-	865,139
Capital outlay	1,210,738	12,942,451	-	-	-	13,524,054	27,677,243
Total expenditures	<u>68,187,961</u>	<u>13,371,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,464,831</u>	<u>100,024,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,739,944)</u>	<u>2,459,593</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,642,530)</u>	<u>(14,922,881)</u>
Other financing sources (uses):							
Transfers in	14,440,882	418,073	-	-	-	8,523,949	23,382,904
Transfers out	(4,907,349)	(4,843,757)	-	-	-	(2,982,412)	(12,733,518)
Total other financing sources (uses)	<u>9,533,533</u>	<u>(4,425,684)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,541,537</u>	<u>10,649,386</u>
Net changes in fund balances	<u>1,793,589</u>	<u>(1,966,091)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,100,993)</u>	<u>(4,273,495)</u>
Fund Balances - Beginning, as previously presented	24,581,414	15,930,472	538,327	4,895,106	415,031	17,143,515	63,503,865
Change within financial reporting entity (major to nonmajor)	-	-	(538,327)	(4,895,106)	(415,031)	5,848,464	-
Fund Balances - Beginning, as adjusted	<u>24,581,414</u>	<u>15,930,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,991,979</u>	<u>63,503,865</u>
Fund Balances - Ending	<u>\$ 26,375,003</u>	<u>\$ 13,964,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,890,986</u>	<u>\$ 59,230,370</u>

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

City of Key West, Florida
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended September 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ (4,273,495)

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

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

Expenditures for capital assets	\$ 27,680,007	
Less: current year depreciation	<u>(8,317,646)</u>	19,362,361

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in net pension liability	\$ 2,825,381	
Change in other post employment benefits (OPEB)	(775,390)	
Change in compensated absences	<u>(388,411)</u>	1,661,580

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

Change in deferred outflows relating to pensions	\$ (10,128,790)	
Change in deferred outflows relating to other post employment benefits (OPEB)	212,670	
Change in deferred inflows relating to pensions	1,114,291	
Change in deferred inflows relating to other post employment benefits (OPEB)	<u>873,841</u>	(7,927,988)

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.

105,961

Change in Net Position of Governmental Activities \$ 8,928,419

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

City of Key West, Florida
Statement of Net Position
Proprietary Funds
September 30, 2024

	Sanitary Sewer System	Solid Waste	Key West Bight	Transit System	Nonmajor Proprietary Funds	Total	Governmental Activities Internal Service Fund
Assets:							
Current assets:							
Cash, cash equivalents and investments	\$ 14,305,863	\$ 12,584,523	\$ 31,916,494	\$ 827,888	\$ 9,265,264	\$ 68,900,032	\$ 2,267,861
Receivables, net of allowance for uncollectibles:							
Accounts	1,237,057	794,783	637,066	31,163	258,838	2,958,907	200,647
Intergovernmental	1,294,019	4,187	1,552,080	1,191,752	1,639,883	5,681,921	-
Interfund	-	-	-	-	-	-	1,423,642
Lease	-	-	3,506,593	-	-	3,506,593	-
Note receivable	-	-	98,970	-	-	98,970	-
Prepaid expenses	-	-	-	-	-	-	69,797
Inventories	458,226	-	81,892	25,972	15,368	581,458	-
	<u>17,295,165</u>	<u>13,383,493</u>	<u>37,793,095</u>	<u>2,076,775</u>	<u>11,179,353</u>	<u>81,727,881</u>	<u>3,961,947</u>
Restricted assets:							
Cash, cash equivalents and investments	224,183	266,106	-	-	-	490,289	-
Total current assets	<u>17,519,348</u>	<u>13,649,599</u>	<u>37,793,095</u>	<u>2,076,775</u>	<u>11,179,353</u>	<u>82,218,170</u>	<u>3,961,947</u>
Noncurrent assets:							
Lease receivable, less current portion	-	-	8,308,223	-	-	8,308,223	-
Note receivable, less current portion	-	-	1,043,937	-	-	1,043,937	-
Advances to other funds	843,576	-	-	-	-	843,576	-
Capital Assets:							
Land	6,480	3,745,027	14,879,527	50,000	-	18,681,034	-
Buildings and improvements	23,345,932	8,677,969	10,555,339	12,757,622	2,781,632	58,118,494	-
Infrastructure	121,899,696	586,601	17,615,616	1,094,193	54,208,763	195,404,869	-
Machinery, equipment and furniture	6,292,178	695,685	2,041,869	10,909,372	838,484	20,777,588	-
Accumulated depreciation	(96,682,584)	(7,090,814)	(17,324,590)	(14,597,526)	(33,982,681)	(169,678,195)	-
Construction in progress	12,809,905	17,655	2,356,819	-	1,568,496	16,752,875	-
Total noncurrent assets	<u>68,515,183</u>	<u>6,632,123</u>	<u>39,476,740</u>	<u>10,213,661</u>	<u>25,414,694</u>	<u>150,252,401</u>	<u>-</u>
Total assets	<u>86,034,531</u>	<u>20,281,722</u>	<u>77,269,835</u>	<u>12,290,436</u>	<u>36,594,047</u>	<u>232,470,571</u>	<u>3,961,947</u>
Deferred Outflows of Resources:							
Deferred outflows relating to pensions	131,291	226,914	383,250	979,753	377,937	2,099,145	-
Deferred outflows relating to other post employment benefits (OPEB)	6,534	12,549	27,170	43,290	6,978	96,521	-
Deferred charge on refunding	16,232	-	-	-	-	16,232	-
Total deferred outflows of resources	<u>154,057</u>	<u>239,463</u>	<u>410,420</u>	<u>1,023,043</u>	<u>384,915</u>	<u>2,211,898</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 86,188,588</u>	<u>\$ 20,521,185</u>	<u>\$ 77,680,255</u>	<u>\$ 13,313,479</u>	<u>\$ 36,978,962</u>	<u>\$ 234,682,469</u>	<u>\$ 3,961,947</u>

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

City of Key West, Florida
Statement of Net Position
Proprietary Funds
(continued)
September 30, 2024

	Sanitary Sewer System	Solid Waste	Key West Bight	Transit System	Nonmajor Proprietary Funds	Total	Governmental Activities Internal Service Fund
Liabilities:							
Current liabilities:							
Accounts payable	\$ 206,888	\$ 624,768	\$ 152,502	\$ 65,268	\$ 66,738	\$ 1,116,164	\$ 9,426
Accrued payroll and related expenses	1,387	2,105	5,383	18,073	3,713	30,661	756
Compensated absences	50,441	72,862	75,561	220,968	51,522	471,354	7,594
Total other post employment benefits (OPEB) liability	356	126	783	4,125	1,999	7,389	-
Accrued expenses	-	-	55,921	7,236	90,962	154,119	-
Accrued interest	68,271	-	-	-	-	68,271	-
Interfund	8,864	18,015	50,471	1,593,366	40,320	1,711,036	-
Contracts payable	736,059	-	89,581	454	118,393	944,487	-
Insurance claims payable	-	-	-	-	-	-	893,834
Unearned revenue	291,900	266,106	781,379	-	375,283	1,714,668	7,063
Revenue bonds payable	1,669,563	-	-	-	-	1,669,563	-
Total current liabilities	3,033,729	983,982	1,211,581	1,909,490	748,930	7,887,712	918,673
Noncurrent liabilities:							
Revenue bonds payable	3,482,597	-	-	-	-	3,482,597	-
Advances from other funds	-	-	-	-	1,154,792	1,154,792	-
Insurance claims payable	-	-	-	-	-	-	1,949,612
Customer deposits	600	1,000	239,068	2,030	267,854	510,552	-
Net pension liability	72,818	125,854	212,562	543,402	209,616	1,164,252	-
Total other post employment benefits (OPEB) liability	17,463	6,197	38,340	202,095	97,957	362,052	-
Compensated absences	21,308	30,779	31,919	93,343	21,765	199,114	2,633
Total noncurrent liabilities	3,594,786	163,830	521,889	840,870	1,751,984	6,873,359	1,952,245
Total liabilities	6,628,515	1,147,812	1,733,470	2,750,360	2,500,914	14,761,071	2,870,918
Deferred Inflows of Resources:							
Deferred inflows relating to leases	-	-	11,651,258	-	-	11,651,258	-
Deferred inflows relating to pensions	16,442	28,417	47,995	122,695	47,329	262,878	-
Deferred inflows relating to other post employment benefits (OPEB)	34,630	63,525	81,993	213,620	41,682	435,450	-
Total deferred inflows of resources	51,072	91,942	11,781,246	336,315	89,011	12,349,586	-
Net Position:							
Net investment in capital assets	61,799,620	6,632,123	30,034,999	10,213,207	25,296,301	133,976,250	-
Unrestricted	17,709,381	12,649,308	34,130,540	13,597	9,092,736	73,595,562	1,091,029
Total net position	79,509,001	19,281,431	64,165,539	10,226,804	34,389,037	207,571,812	1,091,029
Total liabilities, deferred inflows of resources and net position	\$ 86,188,588	\$ 20,521,185	\$ 77,680,255	\$ 13,313,479	\$ 36,978,962	\$ 234,682,469	\$ 3,961,947

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

City of Key West, Florida
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2024

	Sanitary Sewer System	Solid Waste	Key West Bight	Stormwater	Transit System	Garrison Bight	Nonmajor Proprietary Funds	Total	Governmental Activities Internal Service Fund
Operating Revenues:									
Charges for services	\$ 14,243,030	\$ 12,305,492	\$ 14,292,371	\$ -	\$ 1,503,335	\$ -	\$ 5,888,812	\$ 48,233,040	\$ 16,296,872
Total operating revenues	14,243,030	12,305,492	14,292,371	-	1,503,335	-	5,888,812	48,233,040	16,296,872
Operating Expenses:									
Personnel services	466,912	1,042,868	1,681,684	-	4,058,620	-	1,295,678	8,545,762	191,643
Other operating expenses	8,689,743	8,413,090	4,839,024	-	1,419,236	-	2,361,494	25,722,587	15,545,584
Depreciation	3,468,556	491,561	1,034,682	-	1,189,173	-	2,012,313	8,196,285	-
Total operating expenses	12,625,211	9,947,519	7,555,390	-	6,667,029	-	5,669,485	42,464,634	15,737,227
Operating income (loss)	1,617,819	2,357,973	6,736,981	-	(5,163,694)	-	219,327	5,768,406	559,645
Nonoperating Revenues (Expenses):									
Grant income (operating)	-	15,000	4,021,541	-	3,009,472	-	32,535	7,078,548	-
Investment earnings (loss)	775,035	713,581	1,549,524	-	(70,613)	-	518,321	3,485,848	117,058
Other income	612,185	-	514,782	-	57,992	-	225,832	1,410,791	30,354
Loss on disposition of capital assets	(2,922)	-	(430)	-	(1,169)	-	-	(4,521)	-
Interest expense and other fiscal charges	(152,460)	-	-	-	-	-	(48,252)	(200,712)	-
Net nonoperating revenues (expenses)	1,231,838	728,581	6,085,417	-	2,995,682	-	728,436	11,769,954	147,412
Income (loss) before contributions and transfers	2,849,657	3,086,554	12,822,398	-	(2,168,012)	-	947,763	17,538,360	707,057
Transfers and contributions:									
Capital contributions (grants)	1,098,738	-	-	-	241,848	-	264,514	1,605,100	-
Transfers in	-	-	-	-	1,300,000	-	-	1,300,000	-
Transfers out	(937,593)	(1,909,152)	(6,952,541)	-	(553,500)	-	(995,504)	(11,348,290)	(601,096)
Total transfers and other	161,145	(1,909,152)	(6,952,541)	-	988,348	-	(730,990)	(8,443,190)	(601,096)
Changes in net position	3,010,802	1,177,402	5,869,857	-	(1,179,664)	-	216,773	9,095,170	105,961
Net Position, Beginning of Year, as previously presented	76,498,199	18,104,029	58,295,682	21,713,190	11,406,468	12,459,074	-	198,476,642	985,068
Change within financial reporting entity (major to nonmajor)	-	-	-	(21,713,190)	-	(12,459,074)	34,172,264	-	-
Net Position, Beginning of Year, as adjusted	76,498,199	18,104,029	58,295,682	-	11,406,468	-	34,172,264	198,476,642	985,068
Net Position, End of Year	\$ 79,509,001	\$ 19,281,431	\$ 64,165,539	\$ -	\$ 10,226,804	\$ -	\$ 34,389,037	\$ 207,571,812	\$ 1,091,029

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

City of Key West, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2024

	<u>Sanitary Sewer System</u>	<u>Solid Waste</u>	<u>Key West Bight</u>	<u>Transit System</u>	<u>Nonmajor Proprietary Total</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
Cash Flows from Operating Activities:							
Cash received from customers	\$ 14,203,962	\$ 12,296,615	\$ 14,919,550	\$ 1,494,462	\$ 5,905,690	\$ 48,820,279	\$ -
Cash received from interfund charges	-	-	-	-	-	-	15,328,669
Cash paid to suppliers	(8,489,261)	(8,368,759)	(4,849,041)	(1,087,164)	(2,547,391)	(25,341,616)	(15,593,891)
Cash paid to employees	(432,639)	(1,034,503)	(1,592,014)	(3,932,497)	(1,273,102)	(8,264,755)	(197,147)
Other receipts	612,185	-	514,782	57,992	225,832	1,410,791	30,354
Net cash provided by (used in) operating activities	<u>5,894,247</u>	<u>2,893,353</u>	<u>8,993,277</u>	<u>(3,467,207)</u>	<u>2,311,029</u>	<u>16,624,699</u>	<u>(432,015)</u>
Cash Flows from Noncapital Financing Activities:							
Proceeds from grants (operating purposes)	-	14,317	4,021,541	3,644,840	32,535	7,713,233	-
Repayments received on advances to other funds	124,432	-	-	-	-	124,432	-
Repayments made on advances from other funds	-	-	-	-	(292,274)	(292,274)	-
Interest paid on advances from other funds	-	-	-	-	(48,252)	(48,252)	-
Transfers in	-	-	-	1,300,000	-	1,300,000	-
Transfers (out)	(937,593)	(1,909,152)	(6,952,541)	(553,500)	(995,504)	(11,348,290)	(601,096)
Net cash provided by (used in) noncapital financing activities	<u>(813,161)</u>	<u>(1,894,835)</u>	<u>(2,931,000)</u>	<u>4,391,340</u>	<u>(1,303,495)</u>	<u>(2,551,151)</u>	<u>(601,096)</u>
Cash Flows from Capital and Related Financing Activities:							
Proceeds from capital contributions	-	-	(1,548,090)	241,848	8,116	(1,298,126)	-
Acquisition and construction of capital assets, net	(4,513,672)	(333,942)	(1,686,239)	(267,680)	(579,492)	(7,381,025)	-
Lease payments received, net	-	-	(25,760)	-	-	(25,760)	-
Principal paid on revenue bonds	(1,628,447)	-	-	-	-	(1,628,447)	-
Interest paid and other fiscal charges	(158,118)	-	-	-	-	(158,118)	-
Repayments and payments on notes	-	-	107,191	-	-	107,191	-
Net cash used in capital and related financing activities	<u>(6,300,237)</u>	<u>(333,942)</u>	<u>(3,152,898)</u>	<u>(25,832)</u>	<u>(571,376)</u>	<u>(10,384,285)</u>	<u>-</u>
Cash Flows from Investing Activities:							
Investment earnings (loss)	775,035	713,581	1,549,524	(70,613)	518,321	3,485,848	117,058
Net cash provided by (used in) investing activities	<u>775,035</u>	<u>713,581</u>	<u>1,549,524</u>	<u>(70,613)</u>	<u>518,321</u>	<u>3,485,848</u>	<u>117,058</u>
Net increase (decrease) in cash, cash equivalents and investments	(444,116)	1,378,157	4,458,903	827,688	954,479	7,175,111	(916,053)
Cash, Cash Equivalents and Investments, October 1	<u>14,974,162</u>	<u>11,472,472</u>	<u>27,457,591</u>	<u>200</u>	<u>8,310,785</u>	<u>62,215,210</u>	<u>3,183,914</u>
Cash, Cash Equivalents and Investments, September 30	<u>\$ 14,530,046</u>	<u>\$ 12,850,629</u>	<u>\$ 31,916,494</u>	<u>\$ 827,888</u>	<u>\$ 9,265,264</u>	<u>\$ 69,390,321</u>	<u>\$ 2,267,861</u>
Reconciliation to Statement of Net Position:							
Cash, cash equivalents and investments	\$ 14,305,863	\$ 12,584,523	\$ 31,916,494	\$ 827,888	\$ 9,265,264	\$ 68,900,032	\$ 2,267,861
Restricted cash, cash equivalents and investments	224,183	266,106	-	-	-	490,289	-
Cash, cash equivalents and investments	<u>\$ 14,530,046</u>	<u>\$ 12,850,629</u>	<u>\$ 31,916,494</u>	<u>\$ 827,888</u>	<u>\$ 9,265,264</u>	<u>\$ 69,390,321</u>	<u>\$ 2,267,861</u>

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

City of Key West, Florida
Statement of Cash Flows
Proprietary Funds
(continued)
For the Year Ended September 30, 2024

	Sanitary Sewer System	Solid Waste	Key West Bight	Transit System	Nonmajor Proprietary Total	Total	Governmental Activities Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	\$ 1,617,819	\$ 2,357,973	\$ 6,736,981	\$ (5,163,694)	\$ 219,327	\$ 5,768,406	\$ 559,645
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Other revenues	612,185	-	514,782	57,992	225,832	1,410,791	30,354
Depreciation	3,468,556	491,561	1,034,682	1,189,173	2,012,313	8,196,285	-
Decrease (increase) in assets:							
Accounts receivables, net	206,545	(165,747)	663,132	(8,873)	(23,623)	671,434	329,037
Interfund receivables, net	-	-	-	-	-	-	(952,045)
Prepaid expenses	-	-	-	-	-	-	(4,880)
Inventories	18,320	-	(15,737)	12,345	1,835	16,763	-
Deferred outflows relating to pensions	(3,704)	(27,028)	125,396	29,033	(99,798)	23,899	-
Deferred outflows relating to other post employment benefits (OPEB)	(1,204)	(2,272)	(523)	(9,249)	(1,318)	(14,566)	-
Increase (decrease) in liabilities:							
Accounts payable	176,756	32,852	56,364	27,107	(62,727)	230,352	1,009
Accrued payroll and related expenses	(14,015)	(22,749)	(43,040)	(100,690)	(36,625)	(217,119)	(6,292)
Accrued expenses	-	-	(83,685)	7,236	(153,247)	(229,696)	-
Interfund payable, net	5,406	11,479	33,041	285,384	28,242	363,552	-
Insurance claims payable	-	-	-	-	-	-	(373,473)
Unearned revenue	(245,613)	155,870	(36,703)	-	34,527	(91,919)	(16,158)
Customer deposits	-	1,000	750	-	5,974	7,724	-
Net pension liability	38,086	71,441	74,097	268,788	133,900	586,312	-
Total other post employment benefits (OPEB) liability	2,601	923	(14,155)	30,108	34,461	53,938	-
Compensated absences	29,684	13,883	16,337	50,109	12,540	122,553	788
Deferred inflows relating to pensions	(12,226)	(16,496)	(66,295)	(103,975)	(15,168)	(214,160)	-
Deferred inflows relating to other post employment benefits (OPEB)	(4,949)	(9,337)	(2,147)	(38,001)	(5,416)	(59,850)	-
Total adjustments	4,276,428	535,380	2,256,296	1,696,487	2,091,702	10,856,293	(991,660)
Net cash provided by (used in) operating activities	\$ 5,894,247	\$ 2,893,353	\$ 8,993,277	\$ (3,467,207)	\$ 2,311,029	\$ 16,624,699	\$ (432,015)
Schedule of non-cash capital and related financing activities:							
Increase (Decrease) in contracts payable	\$ (95,094)	\$ (88,809)	\$ 55,984	\$ 454	\$ 79,135	\$ (48,330)	\$ -

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

City of Key West, Florida
Statement of Net Position
Fiduciary Funds
September 30, 2024

	Pension Trust Funds
Assets:	
Cash and cash equivalents	\$ 8,707,610
Investments, at fair value:	
Equity securities	153,228,696
Corporate and foreign bonds and bond funds	18,934,279
Fixed income fund	6,991,950
Alternative investments	20,402,898
Mortgage Backed Securities	2,101,861
U.S. government securities	18,657,054
Collateralized mortgage obligations	4,987,538
Municipal obligations	535,815
Real estate	8,200,000
Receivables:	
Interest and dividends	353,724
Proceeds from securities sold	313,387
Other	<u>259,913</u>
Total assets	<u>243,674,725</u>
Liabilities:	
Accounts payable and accrued expenses	259,512
Payable for securities purchased	<u>238,951</u>
Total liabilities	<u>498,463</u>
Deferred inflows of resources:	
Advanced contribution	<u>436,628</u>
Net Position:	
Restricted for pension benefits	\$ <u><u>242,739,634</u></u>

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, 2024

	Pension Trust Funds
Additions:	
Contributions:	
Employer	\$ 6,733,255
Members	2,512,540
State	<u>1,021,047</u>
Total contributions	<u>10,266,842</u>
Investment earnings:	
Net appreciation in fair value of investments	40,363,608
Interest, dividends and other investment earnings	<u>6,211,459</u>
Total investment earnings	46,575,067
Less: Investment expenses	<u>992,827</u>
Net investment earnings	<u>45,582,240</u>
Total additions	<u>55,849,082</u>
Deductions:	
Benefits paid	12,850,676
Administrative expenses	<u>492,908</u>
Total deductions	<u>13,343,584</u>
Net increase in net position	42,505,498
Net Position, October 1	<u>200,234,136</u>
Net Position, September 30	\$ <u><u>242,739,634</u></u>

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

1. Summary of Significant Accounting Policies

The City of Key West, Florida (the “City”) is a municipal corporation incorporated in 1828. Currently, the City of Key West is organized and exists under the provisions of Chapter 23374, Laws of Florida (1945), as amended. The City operates under a commission-manager form of government. The City provides services authorized by its charter, including public safety, public welfare, public improvements, planning and zoning, transportation, recreation, and general administrative services. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the U.S. (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting-body for establishing governmental accounting and financial reporting principles.

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 \$ 707,000 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, 2023 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 33040.

Blended Component Unit:

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

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

1. Summary of Significant Accounting Policies (continued)

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

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

Other Organizations:

The Utility Board of the City of Key West, Florida, or Keys Energy Services, is an independent utility board created by Florida Statute Chapter 21 to manage, operate, and maintain the electric utility servicing the citizens of Key West and the Lower Keys. The Board is elected by the voters of the community. In accordance with bond resolution requirements, the City annually receives a return from the system, a sum equal to the greater of (a) \$ 200,000 (adjusted annually for changes in the Consumer Price Index) or (b) one percent (1%) of the gross revenues derived from sales of electricity at retail (exclusive of Power Cost Revenue, which are defined, for purposes of this paragraph, as (i) revenues determined by reference to the power cost component of base rates, plus or minus (ii) power cost adjustment charges or credits). For the fiscal year ended September 30, 2024, the City received payment of approximately \$ 557,000. Keys Energy Services is not considered a component unit of the City.

C. Government-Wide and Fund Financial Statements

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

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

The City reports the following major governmental funds:

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

The 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.

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

The City reports the following nonmajor proprietary funds:

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

The Garrison Bight Fund accounts for the provision of marina services to the residents and visitors 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, or committed, to expenditures for specified purposes. These funds include the Law Enforcement Trust, Fort Taylor, Affordable Housing Escrow, Bahama Village, Navy Pier Payments, Caroline Street, Community, Transportation Alternative, Truman Waterfront, Adaptation & Sustainability, Community Development Office, and Gas Tax.

The Capital Projects Fund – This fund is used to account for financial resources expended on acquisition or construction of major capital facilities.

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.

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

1. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

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

The City adopts an operating budget on a generally accepted accounting principles basis for all governmental and proprietary funds except as noted below. All appropriations lapse at the end of the fiscal year. The City is not legally required to, and does not, adopt budgets for the pension funds. For the year ended September 30, 2024, the City did not adopt a budget for the Navy Pier Payments Fund.

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

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

Budgetary Process:

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

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

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 general fund are reported as nonspendable fund balance, which indicates that the amounts reserved do not constitute expendable available resources and are therefore not available for appropriation.

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

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

H. Prepaid Items

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

1. Summary of Significant Accounting Policies (continued)

I. Inventories

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

J. Restricted Assets

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

K. Capital Assets

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

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

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

Major outlays for capital assets and improvements are capitalized as construction progresses.

L. Deferred Outflows/Inflows of Resources

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

1. Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first item is the City's deferred outflows of resources related to leases and is discussed in further detail in Note 15. The second item is the deferred inflows relating to the pension plans and discussed in further detail in Note 6. The third item is the deferred inflows relating to the other post-employment benefits (OPEB) and discussed in further detail in Note 7.

M. Compensated Absences

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

N. Long-Term Obligations

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

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

O. Net Position/Fund Balance

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

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

1. Summary of Significant Accounting Policies (continued)

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

Governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

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, and leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource, as well as property acquired for resale.

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

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

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

1. Summary of Significant Accounting Policies (continued)

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

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

P. Estimates

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

Q. Subsequent Events

Subsequent events were evaluated by management through May 22, 2025, which is the date the financial statements were available to be issued.

R. Impact of Changes in Accounting Principles

In June 2022, the GASB issued Statement No. 100 - *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of the Statement were effective for financial statements starting with the fiscal year that ends June 30, 2024.

The City implemented GASB 100 in fiscal year 2024 and the changes were incorporated into the City's 2024 financial statements. There were changes within the financial reporting entity that resulted in adjustments to beginning fund balances, refer to Note 17 for further information.

2. Deposits and Investments

A. Deposits

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

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

2. Deposits and Investments (continued)

At September 30, 2024, the carrying amount of the City’s deposits was \$ 21,101,545 with a bank balance of approximately \$ 23,440,000. Included in the carrying amount of deposits was \$ 3,475 cash on hand.

Deposits consist of interest and noninterest-bearing demand accounts. All of the City’s deposits are entirely insured by federal depository insurance or collateralized by the multiple financial institution collateral pool pursuant to Florida Statutes, Chapter 280, Florida Security for Public Deposits Act. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository’s collateral pledging level. As of September 30, 2024, the City’s bank balance was \$23,440,000 and \$22,940,000 of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution.

B. Investments

As of September 30, 2024, 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	\$ 21,101,545	\$ 2,035,942	\$ 103,361,256	\$ 126,498,743
Restricted cash, cash equivalents, and investments	-	-	490,289	490,289
	<u>\$ 21,101,545</u>	<u>\$ 2,035,942</u>	<u>\$ 103,851,545</u>	<u>\$ 126,989,032</u>

As of September 30, 2024, 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	\$ 5,204,613	\$ 5,204,613	\$ -	AAA
Money Market				
Mutual Funds	2,035,942	2,035,942	-	Not Rated
Florida Fixed Income Trust	38,896,883	38,896,883	-	AAAf*
Florida Public Assets for Liquidity Management	8,242,941	8,242,941	-	AAAm
State Investment Pool: Florida Prime	<u>51,507,108</u>	<u>51,507,108</u>	<u>-</u>	AAAm
	<u>\$ 105,887,487</u>	<u>\$ 105,887,487</u>	<u>\$ -</u>	

* Includes \$ 5,847,369 which is not rated, consisting of overnight and term FDIC insured deposits and qualified public depositories as defined in FL State Statutes, CH280.

2. Deposits and Investments (continued)

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

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

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

In accordance with *GASB Statement No. 79, Certain External Investment Pools and Pool Participants*, the City's investments in Florida PRIME and FL PALM meet the definition of a qualifying investment pool that measures for financial reporting purposes all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2024, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Interest rate risk - To the extent possible, the City's investment policy limits the investment maturities of current operating funds to no longer than twenty-four months. Investments of bond reserves, construction funds and other non-operating funds shall not exceed five years. The investment policy also provides maturity limitations by investment type. The investments at September 30, 2024 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, 2024, the City's portfolio rating is in compliance with its investment policy.

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

2. Deposits and Investments (continued)

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

At September 30, 2024, the City's investment portfolio, excluding pension funds and funds related to the issuance of debt, is as follows:

Issue:	Percent of Investment Portfolio
Florida Local Government	
Surplus Funds - Florida Prime	48.6%
Florida Fixed Income Trust	36.7%
Florida Public Assets for Liquidity	
Management	7.9%
U.S. Government Securities - Treasuries	4.9%
Money Market Mutual Funds	1.9%

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

Custodial credit risk - The City's investment policy requires execution of a third-party custodial safekeeping agreement for all purchased securities and requires that securities be held in the City's name. As of September 30, 2024, all of the City's investments are held in a bank's trust department in the City's name, nominee registration.

2. Deposits and Investments (continued)

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. Treasuries	\$ 9,044,259	\$ 1,109,037	\$ 1,586,835	\$ 1,182,380	\$ 5,166,007	AAA through B-*
U.S. Agencies	8,020,029	-	-	298,956	7,721,073	AAA through B-*
Corporate bonds	13,003,699	283,324	5,463,823	6,191,283	1,065,269	AAA through B-
Fixed income mutual fund	6,991,950	-	4,957,235	1,409,545	625,170	AAA through B-
	<u>\$ 37,059,937</u>	<u>\$ 1,392,361</u>	<u>\$ 12,007,893</u>	<u>\$ 9,082,164</u>	<u>\$ 14,577,519</u>	

* Includes \$ 7,331,206 which is not rated.

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

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

Concentration credit risk - The investment policies of the Plans contain limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. GASB Statement 40 requires disclosure when the percentage is 5% or more in any one issuer. At September 30, 2024, the General Employees Retirement Plan had investments with both American Core Realty Fund, LLC and American Strat Value Realty Fund, LLC amounting to approximately 14.65% or \$ 11,179,000 of the total Plan's investment. At September 30, 2024, the Police Officers and Firefighters Retirement Plan had investments with American Funds Europacific Growth Fund, WCM Focused International Growth Institutional Fund, Winslow Large Cap Growth Fund, JPM Infrastructure and the investment in the Simonton Center, amounting to approximately 5.5%, 6.9%, 10.7%, 5.6% and 5.9%, respectively of the total Plan's investments.

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

Foreign credit risk - For an investment, foreign credit risk is the risk that fluctuations in currency exchange rates may affect transactions conducted in currencies other than U.S. dollars and the carrying value of foreign investments. At September 30, 2024, the General Employees Retirement Plan was not directly exposed to foreign credit risk. At September 30, 2024, the Police Officers and Firefighters Retirement Plan had foreign investments of 16.7% the total Plan's investments.

2. Deposits and Investments (continued)

D. Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a hierarchy disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Various inputs are used in determining the fair value of investments. These inputs are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

- Level 1 - investments reflect unadjusted quoted prices in active markets for identical assets.
- Level 2 - investments reflect prices that are based on a significant observable assets, either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 - investments reflect prices based upon significant unobservable sources.

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

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

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

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

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

Fair values of investments held by the City's Primary Government Investment Funds are classified at September 30, 2024 as follows:

2. Deposits and Investments (continued)

City:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
U.S. Government and Government Sponsored Entity Bonds/Notes	\$ 5,204,613	\$ 5,204,613	\$ -	\$ -	\$ -
Florida Fixed Income Trust	<u>38,896,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,896,883</u>
 Total Investments Measured at Fair Value	 44,101,496	 5,204,613	 -	 -	 38,896,883
Cash Equivalents	<u>2,035,942</u>	<u>2,035,942</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Investments and Cash Equivalents Measured at Fair Value	 46,137,438	 <u>\$ 7,240,555</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 38,896,883</u>
 Investments Not Measured at amortized cost:					
Florida PRIME	51,507,108				
Florida Public Assets for Liquidity Management	<u>8,242,941</u>				
	<u>\$ 105,887,487</u>				

Additional information for investments measured at the net asset value (“NAV”) per share (or its equivalent) as of September 30, 2024, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Florida Fixed Income Trust (1)	\$ <u>38,896,883</u>	\$ <u>-</u>	Daily	1 day

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

2. Deposits and Investments (continued)

General Employees Retirement Plan:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
U.S. Government Securities	\$ 1,592,766	\$ -	\$ 1,592,766	\$ -	\$ -
Mortgage Backed Securities	2,101,861	-	2,101,861	-	-
Corporate and Foreign Bonds and Bond Funds	5,930,580	3,954,863	1,975,717	-	-
Collateralized Mortgage Obligations	4,987,537	-	4,987,537	-	-
Municipal Obligations	535,815	-	535,815	-	-
Equity Securities	49,987,812	46,531,467	3,456,345	-	-
Alternative Investments	<u>11,179,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,179,140</u>
 Total Investments Measured at Fair Value	 76,315,511	 50,486,330	 14,650,041	 -	 11,179,140
Cash Equivalents	<u>1,516,519</u>	<u>1,516,519</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Investments and Cash Equivalents	 \$ <u>77,832,030</u>	 \$ <u>52,002,849</u>	 \$ <u>14,650,041</u>	 \$ <u>-</u>	 \$ <u>11,179,140</u>

Additional information for investments measured at the net asset value (“NAV”) per share (or its equivalent) as of September 30, 2024, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments (1)	\$ <u>11,179,140</u>	\$ <u>-</u>	Quarterly	10-30 business days

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

2. Deposits and Investments (continued)

Police Officers and Firefighters Retirement Plan:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued at NAV
U.S. Treasury securities	\$ 9,044,259	\$ -	\$ 9,044,259	\$ -	\$ -
U.S. Agency securities	8,020,029	-	8,020,029	-	-
Corporate bonds	13,003,699	-	13,003,699	-	-
Equity Securities	103,240,884	103,240,884	-	-	-
Fixed income mutual fund	6,991,950	6,991,950	-	-	-
Real Estate	8,200,000	-	-	8,200,000	-
Alternative Investments	9,223,758	-	-	-	9,223,758
Total Investments Measured at Fair Value	157,724,579	110,232,834	30,067,987	8,200,000	9,223,758
Cash Equivalents	7,191,091	7,191,091	-	-	-
Total Investments and Cash Equivalents	\$ 164,915,670	\$ 117,423,925	\$ 30,067,987	\$ 8,200,000	\$ 9,223,758

Additional information for investments measured at the net asset value (“NAV”) per share (or its equivalent) as of September 30, 2024, are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Alternative Investments (1)	\$ 9,223,758	\$ -	Twice a year	90 Days

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

E. Component Unit:

Deposits - Demand and time deposits classified as cash are subject to FDIC coverage and insured in accordance with Florida Statute 280, which established the multiple financial institution collateral pool. At December 31, 2023, the Authority’s book balance of cash was \$ 12,298,852 and the bank balance was \$ 12,518,219.

As of December 31, 2023, cash is reported as follows:

Cash - unrestricted	\$ 8,775,652
Cash - restricted	3,523,200
Total	\$ 12,298,852

2. Deposits and Investments (continued)

In addition, the component unit's pension plan deposits amounting to \$ 227,542 (\$ 227,542 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, 2023, the Plan had the following investments:

Equity Mutual Funds:

Vanguard 500 Index Fund*(1)	\$	2,597,199
Vanguard Total International Stock Index*(1)		1,099,675
Vanguard Dividend Growth Fund*(1)		1,410,313
Vanguard Small Cap Index*(1)		3,169,966

Fixed Income Mutual Funds:

PIMCO Investment Fund**(1)		716,326
PIMCO Investment Grade Corporate***		577,126
Dodge & Cox Income Fund***(1)		755,624

Absolute Return Funds:

Columbia Adaptive Risk Allocation Fund*(1)		2,803,421
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Money Market:

Goldman Sachs Fin Sq Tr*		<u>505,735</u>
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Private Credit:

ATEL Private Debt Partners III, LLC*		<u>348,132</u>
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	\$	<u><u>13,983,517</u></u>
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* Investment maturity is less than one year.

** Investment maturity is between one and five years.

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

(1) Investment subject to concentration credit risk.

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

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

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

Foreign Currency Risk - This risk relates to the potential, unfavorable fluctuation of exchange rates compared with the U.S. Dollar. The Plan did not have exposure to foreign currency risk as of December 31, 2023.

3. Receivables

Receivables at September 30, 2024 consist of the following:

Receivable Type:	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Fiduciary	Total
Interest and dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 353,724	\$ 353,724
Accounts	1,944,676	266,599	-	2,989,753	200,647	-	5,401,675
Mortgages	-	2,625,414	-	-	-	-	2,625,414
Intergovernmental	970,923	2,303,637	3,049,380	5,681,621	-	259,913	12,265,474
Lease	6,715,912	-	-	11,814,816	-	-	18,530,728
Note	-	-	-	1,142,907	-	-	1,142,907
Proceeds from securities sold	-	-	-	-	-	313,387	313,387
Gross receivables	9,631,511	5,195,650	3,049,380	21,629,097	200,647	927,024	40,633,309
Less allowance for uncollectible	-	1,116,818	-	30,846	-	-	1,147,664
Net receivables	\$ 9,631,511	\$ 4,078,832	\$ 3,049,380	\$ 21,598,251	\$ 200,647	\$ 927,024	\$ 39,485,645

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, 2024, was 2.01340 per \$ 1,000 of assessed taxable property value. The final taxable value amounted to \$ 10,304,126,993. 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, 2024, there were no material property tax receivables.

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

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

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

Frederick Douglass Square Project (HODAG)	\$ 2,233,635
Homebuyer Assistance Program	362,373
Mayor's Revolving Loan Fund (low interest)	29,406
Gross mortgages receivable	2,625,414
Less allowance for uncollectible mortgages	1,116,818
Net mortgages receivable	\$ 1,508,596

3. Receivables (continued)

Note receivable - The City previously entered into two promissory notes with entity's in exchange for building improvements on properties that are leased by the City to these entities. The first note bears interest at the current rate as determined by the 1-year LIBOR plus 1% (5.68% at September 30, 2024) until the note matures in August 2034. At September 30, 2024, the balance of this note receivable was approximately \$ 1,113,000. The second note bears interest at the current rate as determined by the 1-year LIBOR plus 1% (5.68% at September 30, 2024) until the note matures in September 2026. At September 30, 2024, the balance of the second note receivable was approximately \$ 30,000. Both notes are reflected in the Key West Bight Fund.

Component Unit:

Accounts receivable represent amounts due from tenants (dwelling rents), and other miscellaneous balances, of \$ 142,345 net of allowance for uncollectibles of \$ 72,311. Intergovernmental receivables represent amounts due from the federal and other governments of \$ 1,195,893. No allowance for uncollectibles was deemed necessary by management.

4. Capital Assets

Capital asset activity for fiscal year ended September 30, 2024 is as follows:

	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 56,605,896	\$ -	\$ -	\$ 56,605,896
Works of art	137,400	-	-	137,400
Construction in progress	<u>8,639,920</u>	<u>18,435,518</u>	<u>(1,373,647)</u>	<u>25,701,791</u>
Total capital assets, not being depreciated	<u>65,383,216</u>	<u>18,435,518</u>	<u>(1,373,647)</u>	<u>82,445,087</u>
Capital assets, being depreciated:				
Buildings and improvements	55,752,407	-	-	55,752,407
Machinery, equipment and furniture	33,853,698	7,365,586	(1,338,611)	39,880,673
Works of art	220,510	-	-	220,510
Infrastructure	<u>108,236,163</u>	<u>1,878,903</u>	<u>1,300,553</u>	<u>111,415,619</u>
Total capital assets, being depreciated	<u>198,062,778</u>	<u>9,244,489</u>	<u>(38,058)</u>	<u>207,269,209</u>
Less accumulated depreciation for:				
Buildings and improvements	15,387,153	1,520,019	-	16,907,172
Machinery, equipment and furniture	24,656,727	3,299,896	(1,372,490)	26,584,133
Works of art	89,726	19,456	-	109,182
Infrastructure	<u>43,651,903</u>	<u>3,478,275</u>	<u>(39,215)</u>	<u>47,090,963</u>
Total accumulated depreciation	<u>83,785,509</u>	<u>8,317,646</u>	<u>(1,411,705)</u>	<u>90,691,450</u>
Total capital assets, being depreciated, net	<u>114,277,269</u>	<u>926,843</u>	<u>1,373,647</u>	<u>116,577,759</u>
Governmental activities capital assets, net	<u>\$ 179,660,485</u>	<u>\$ 19,362,361</u>	<u>\$ -</u>	<u>\$ 199,022,846</u>

4. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Additions and Transfers</u>	<u>Retirements and Transfers</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 18,681,034	\$ -	\$ -	\$ 18,681,034
Construction in progress	<u>16,908,984</u>	<u>5,955,745</u>	<u>(6,111,854)</u>	<u>16,752,875</u>
Total capital assets, not being depreciated	<u>35,590,018</u>	<u>5,955,745</u>	<u>(6,111,854)</u>	<u>35,433,909</u>
Capital assets, being depreciated:				
Buildings and improvements	58,118,494	-	-	58,118,494
Machinery, equipment and furniture	20,029,316	930,809	(182,537)	20,777,588
Infrastructure	<u>188,867,549</u>	<u>446,141</u>	<u>6,091,179</u>	<u>195,404,869</u>
Total capital assets, being depreciated	<u>267,015,359</u>	<u>1,376,950</u>	<u>5,908,642</u>	<u>274,300,951</u>
Less accumulated depreciation for:				
Buildings and improvements	41,095,576	1,275,599	-	42,371,175
Machinery, equipment and furniture	14,036,349	1,437,204	(178,014)	15,295,539
Infrastructure	<u>106,548,674</u>	<u>5,483,482</u>	<u>(20,675)</u>	<u>112,011,481</u>
Total accumulated depreciation	<u>161,680,599</u>	<u>8,196,285</u>	<u>(198,689)</u>	<u>169,678,195</u>
Total capital assets, being depreciated, net	<u>105,334,760</u>	<u>(6,819,335)</u>	<u>6,107,331</u>	<u>104,622,756</u>
Business-type activities capital assets, net	<u>\$ 140,924,778</u>	<u>\$ (863,590)</u>	<u>\$ (4,523)</u>	<u>\$ 140,056,665</u>

For the year ended September 30, 2024, depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Transportation	\$ 3,616,762
General government	2,887,887
Public safety	922,510
Economic environment	359,988
Culture and recreation	1,497
Human services	<u>529,002</u>
Total depreciation expense - governmental activities	<u>\$ 8,317,646</u>

4. Capital Assets (continued)

Business-type activities:	
Sanitary sewer system	\$ 3,468,556
Solid waste	491,561
Key West bight	1,034,682
Stormwater	1,368,474
Transit system	1,189,173
Garrison bight	<u>643,839</u>
Total depreciation expense - business-type activities	 <u><u>\$ 8,196,285</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, 2023:

Buildings and improvements	\$ 112,494,169
Machinery, equipment, and furniture	2,442,712
Infrastructure	<u>1,206,645</u>
	116,143,526
Less accumulated depreciation	<u>45,415,467</u>
	70,728,059
Land	15,163,552
Construction in progress	<u>297,431</u>
Net capital assets	<u><u>\$ 86,189,042</u></u>

Total depreciation expense for the year ended December 31, 2023 amounted to approximately \$ 2,564,000. 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	15-40 years

5. Restricted Assets

The Sanitary Sewer System has aggregate restricted assets of \$ 224,183 related to impact fees usage restrictions. The Solid Waste Fund has restricted assets of \$ 266,106 as part of its impact fee usage restrictions. Assets so designated are identified as restricted assets on the statement of net position.

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

6. Pension Plans

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

General Information - The City contributes to two single-employer defined benefit pension plans: the General Employees Retirement Plan (GERP) and the Police Officers and Firefighters Retirement Plan (PFRP). Each plan provides retirement, disability, and death benefits to plan members and beneficiaries. Part II of the Code of Ordinances, Title I (Administration), Section 5 (Pension) assigns the sale and exclusive administration of and the responsibility for the proper effective operation of the retirement plans to the Board of Trustees of each retirement plan. All changes recommended by the Board of Trustees are subject to City Commission approval. Participants should refer to the plan documents for more complete information. The GERP does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or a report of another entity. The PFRP retirement board issues a publicly available report that includes financial statements and required supplementary information. This financial report may be obtained by writing to Pension Plan Administrator, 22233 Drawbridge Dr., Leesburg, FL 34748.

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

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

General Employees Retirement Plan (GERP):

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

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

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

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

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

6. Pension Plans (continued)

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

A member is eligible for early retirement upon the attainment of age 55 with 10 years of credited service. An early retirement benefit is accrued to date of retirement, reduced by 1/15th 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 eight 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, 2024 was \$ 576,345.

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. City and employee contributions for the year ended September 30, 2024, were \$ 1,354,504 and \$ 1,215,797 respectively. The contribution requirements of plan members and the City are established and may be amended by the GERP Board of Trustees and the City Commission.

Police Officers and Firefighters Retirement Plan (PFRP):

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

The plan is administered by a board of five trustees. One is an active firefighter who is elected by active firefighter members of the plan. One is an active police officer elected by active police officer members of the plan. Two are appointed by the City Commission and must be legal residents of the City, and one is elected by the other four trustees and need not be a resident of the City.

Benefits Provided – A member is participants eligible for normal retirement benefits upon the earlier of attaining age 55 with 10 years of service or completing 20 years of service, regardless of age. Participants may also retire once they have become half vested in the Plan, at age 55 with five years of service. Participants retiring while half vested in the Plan are only entitled to 50% of the normal retirement benefit. Normal retirement benefit shall be determined by multiplying 3% of final monthly compensation by the number of years of credited service. Final monthly compensation is the average final compensation during the highest consecutive 36 months of earnings out of the last 120 months of employment. Earnable compensation is a participant's base salary and overtime, assignment pay, and educational incentive pay.

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

6. Pension Plans (continued)

Deferred Retirement Option Plan (the “DROP”) - The plan established a Deferred Retirement Option Plan (“DROP”), which offers active members the opportunity, prior to retirement, to work and simultaneously accumulate pension benefits. Participants who have attained eligibility for normal service retirement can exercise the option to participate in the DROP. This option must be exercised within the first 30 years of employment. If participation in the DROP when combined with participation in the pension Plan may not exceed 30 years. When participants enter the DROP, the pension payments that they would have received had they actually separated from service are deposited into an account for the participant's benefit and are invested as part of the Plan. The participant ceases to contribute to the Plan during the DROP participation and are no longer eligible to earn additional service credit during the DROP period. The maximum participation in the DROP is five years. When entering the DROP, the employee will not terminate employment with the City, but will cease accruing benefits under the Plan, and the monthly benefit as of the election date will be saved and invested. Participants must meet the eligibility for normal or early retirement in order to participate. Participant accounts shall earn or lose interest based on the actual earnings of the Plan or a fixed rate of return of 6.5%, as elected by the participant. The value of the total DROP balance at September 30, 2024 was \$ 19,047,305.

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

Contributions – Member contributions are equal to 7% of their annual pensionable compensation. If a member leaves the service of the City with less than 10 years of credited service, all accumulated member contributions are returned to the member. The City is required to contribute an actuarially determined amount that, when combined with member contributions and allowable contributions from the State of Florida, will fully provide for all benefits as they become payable. City and employee contributions for the year ended September 30, 2024, were \$ 5,378,751 and \$ 1,296,743 respectively.

Also, the City received \$ 1,021,047 from the State that was generated from the insurance premium tax as part of the required funding for the Police and Firefighters Retirement Plan and recorded revenues and expenditures in the General Fund, as appropriate.

Plan membership data at October 1, 2023 was as follows:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan
	<u> </u>	<u> </u>
Active employees	287	169
Inactive employees:		
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>199</u>	<u>165</u>
Total	<u><u>486</u></u>	<u><u>334</u></u>

Net Pension Liability:

The City’s net pension liability was determined based on a measurement date of September 30, 2023 for both plans.

6. Pension Plans (continued)

The components of the net pension liability of the City at September 30, 2024, were as follows:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
	<u> </u>	<u> </u>	<u> </u>
Total pension liability	\$ 70,220,076	\$ 162,557,896	\$ 232,777,972
Plan fiduciary net position	<u>(66,010,922)</u>	<u>(134,223,214)</u>	<u>(200,234,136)</u>
Net pension liability	<u>\$ 4,209,154</u>	<u>\$ 28,334,682</u>	<u>\$ 32,543,836</u>
 Plan fiduciary net position as a percentage of the total pension liability	 94.01%	 82.57%	 86.02%

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

Actuarial Assumptions - The total pension (asset) liability at September 30, 2023 was determined by using actuarial valuations as of October 1, 2022, with update procedures used to roll forward the total pension (asset) liability to September 30, 2023. The actuarial valuations used the following actuarial assumptions:

	<u>General Employees Retirement Plan</u>
Inflation	2.50%
Salary increases	4.00%-6.00%
Investment rate of return	7.25%, net of investment expenses
Mortality	PUB-2010 Mortality Tables for male and female, as appropriate.
	 <u>Police Officers and Firefighters Retirement Plan</u>
Inflation	3.00%
Salary increases	5.00%
Investment rate of return	7.00% compounded annually, net of investment expenses, including inflation.
Mortality	PUB-2010 Mortality Tables for male and female, as appropriate.

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

6. Pension Plans (continued)

General Employees Retirement Plan:

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

Police Officers and Firefighters Retirement Plan:

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

Rate of Return: For the year ended September 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 20.55% for GERP and 23.16% for PFRP. The annual money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate: The discount rate used to measure the total pension (asset) liability was 7.25% and 7.00% per annum for the GERP and PFRP, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates (statutorily required) and the member rates. Based on those assumptions, the fiduciary net position of the Plans was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset) liability.

City of Key West, Florida
Notes to Financial Statements
September 30, 2024

6. Pension Plans (continued)
Changes in Net Pension (Asset) Liability:

**General Employees
Retirement Plan:**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances, as of September 30, 2022, Measurement Date	\$ 64,334,627	\$ 62,019,161	\$ 2,315,466
Changes for the year:			
Service cost	2,034,182	-	2,034,182
Interest	4,905,738	-	4,905,738
Differences between expected and actual experience	3,005,833	-	3,005,833
Assumption changes	-	-	-
Contributions - Employer	-	1,263,192	(1,263,192)
Contributions - Employee	-	1,065,432	(1,065,432)
Net investment income	-	5,879,721	(5,879,721)
Benefit payments	(4,060,304)	(4,060,304)	-
Administrative expenses	-	(156,280)	156,280
Net changes	<u>5,885,449</u>	<u>3,991,761</u>	<u>1,893,688</u>
Balances, as of September 30, 2023, Measurement Date	<u>\$ 70,220,076</u>	<u>\$ 66,010,922</u>	<u>\$ 4,209,154</u>

**Police Officers and Firefighters
Retirement Plan:**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances, as of September 30, 2022, Measurement Date	\$ 154,739,264	\$ 122,271,825	\$ 32,467,439
Changes for the year:			
Service cost	3,494,209	-	3,494,209
Interest	10,900,371	-	10,900,371
Differences between expected and actual experience	1,557,278	-	1,557,278
Assumption changes	(9,101)	-	(9,101)
Contributions - Employer	-	4,501,885	(4,501,885)
Contributions - State	-	1,067,851	(1,067,851)
Contributions - Employee	-	1,247,906	(1,247,906)
Net investment income	-	13,453,511	(13,453,511)
Benefit payments	(8,124,125)	(8,124,125)	-
Administrative expenses	-	(195,639)	195,639
Net changes	<u>7,818,632</u>	<u>11,951,389</u>	<u>(4,132,757)</u>
Balances, as of September 30, 2023, Measurement Date	<u>\$ 162,557,896</u>	<u>\$ 134,223,214</u>	<u>\$ 28,334,682</u>

6. Pension Plans (continued)

The net pension liability and related components for GERP are allocated to the governmental activities and business-type activities based on the distribution of current year contributions to the plan. At September 30, 2024, it is distributed 72% to governmental activities and 28% business-type activities. Total net pension liability and related components for the PFRP are distributed 100% to the governmental activities.

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

	<u>1% Decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
General Employees Retirement Plan:			
Net Pension (Asset) Liability	\$ <u>12,056,210</u>	\$ <u>4,209,154</u>	\$ <u>(2,406,474)</u>
	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Police Officers and Firefighters Retirement Plan:			
Net Pension Liability	\$ <u>44,960,327</u>	\$ <u>28,334,682</u>	\$ <u>14,381,828</u>

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

For the year ended September 30, 2024, the City recognized pension expense in GERP and PRFP of \$ 3,204,057 and \$ 11,135,414, respectively, aggregating to \$ 14,339,471. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
General Employees Retirement Plan:		
Pension contributions subsequent to the measurement date	\$ 1,354,504	\$ -
Differences between expected and actual experience	2,207,620	918,877
Changes of assumptions or other inputs	406,121	31,513
Net difference between projected and actual earnings on pension plan investments	<u>3,620,856</u>	<u>-</u>
Total	\$ <u>7,589,101</u>	\$ <u>950,390</u>

6. Pension Plans (continued)

Police Officers and Firefighters Retirement Plan:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 6,399,798	\$ -
Net difference between projected and actual earnings on pension plan investments	9,504,614	-
Changes of assumptions or other inputs	7,296,520	7,801
Differences between expected and actual experience	<u>2,645,064</u>	<u>1,024,764</u>
Total	<u>\$ 25,845,996</u>	<u>\$ 1,032,565</u>
Total Pension Trust Funds	<u>\$ 33,435,097</u>	<u>\$ 1,982,955</u>

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

<u>Year Ending September 30,</u>	<u>General Employees Retirement Plan</u>	<u>Police Officers and Firefighters Retirement Plan</u>	<u>Total</u>
2024	\$ 1,101,636	\$ 4,400,968	\$ 5,502,604
2025	1,459,908	4,844,502	6,304,410
2026	3,013,017	7,949,183	10,962,200
2027	(290,354)	767,014	476,660
2028	-	230,798	230,798
Thereafter	-	221,168	221,168
Total	<u>\$ 5,284,207</u>	<u>\$ 18,413,633</u>	<u>\$ 23,697,840</u>

Pension Trust Funds:

The City maintains two pension trust funds to account for its fiduciary responsibility. The following condensed statements present the net position restricted for pension benefits at September 30, 2024 and the changes in net position for the year then ended:

Condensed Statements of Net Position:

	<u>General Employees Retirement Plan</u>	<u>Police Officers and Firefighters Retirement Plan</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 1,516,519	\$ 7,191,091	\$ 8,707,610
Investments, at fair value	76,315,512	157,724,579	234,040,091
Other	<u>77,148</u>	<u>849,876</u>	<u>927,024</u>
Total assets	<u>77,909,179</u>	<u>165,765,546</u>	<u>243,674,725</u>

6. Pension Plans (continued)

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
Liabilities:			
Accounts payable and accrued expenses	172,831	86,681	259,512
Payable for securities purchased	13,347	225,604	238,951
Total liabilities	186,178	312,285	498,463
Deferred inflows of resources:			
Advanced contribution	-	436,628	436,628
Net position restricted for pension benefits	\$ 77,723,001	\$ 165,016,633	\$ 242,739,634

Condensed Statements of Changes in Net Position:

	General Employees Retirement Plan	Police Officers and Firefighters Retirement Plan	Total
Additions:			
Contributions	\$ 2,570,301	\$ 7,696,541	\$ 10,266,842
Net investment earnings	13,626,105	31,956,135	45,582,240
Total additions	16,196,406	39,652,676	55,849,082
Deductions:			
Benefits paid	4,180,043	8,670,633	12,850,676
Administrative expenses	304,284	188,624	492,908
Total deductions	4,484,327	8,859,257	13,343,584
Changes in net position	\$ 11,712,079	\$ 30,793,419	\$ 42,505,498

B. Component Unit:

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

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

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

6. Pension Plans (continued)

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

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

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

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

Deferred Retirement Option Program (the "DROP") - The DROP may be elected upon reaching the earlier of early or normal retirement. The member's benefit will be calculated based on average pay and service as of the DROP entry date. No disability benefits are provided while in the DROP. Death benefits, if any, are based on the form of payment elected. DROP accounts are credited with interest at the rate of 8%, compounded annually, or the actual rate earned by the Pension Plan, as applicable. The value of the total DROP balance at December 31, 2023 was \$ 1,838,131.

Cost-of-Living-Adjustment - Members receiving benefits receive a 2.00% ad hoc cost of living adjustment.

Contributions - The Authority contributes a percentage of basic annual compensation for its permanent employees equal to the actuarially determined minimum contribution divided by the annual payroll of active employees for the prior year. Pension Plan members shall not make any contributions to the Pension Plan. Contribution requirements of the Authority are established and may be amended by the Authority's Board of Commissioners. The contribution rate was 14.4% for the year ended December 31, 2023.

Plan membership data at January 1, 2023 was as follows:

Active employees, including DROP participants	59
Inactive employees:	
Retirees and beneficiaries currently	
employees entitled to benefits but not	
yet receiving them	74
Total	133

6. Pension Plans (continued)

Net Pension Liability:

The Authority’s net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 updated to December 31, 2023.

The components of the net pension liability of the Authority at December 31, 2023, were as follows:

	<u>Pension Plan</u>
Total pension liability	\$ 16,314,139
Plan fiduciary net position	<u>(14,194,045)</u>
Net pension liability	\$ <u>2,120,094</u>
Plan fiduciary net position as a percentage of the total pension liability	87.00%

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

Inflation	2.50%
Salary increases	Age Based
Discount rate	6.75%
Mortality	All mortality rates are projected generationally with Mortality Improvement Scale MP-2018 for males or females, as appropriate.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	4.91%
International equity	10%	5.32%
Real Estate	10%	3.72%
Fixed income	15%	2.30%
Absolute return	<u>20%</u>	3.79%
	<u>100%</u>	

6. Pension Plans (continued)

Rate of Return: For the year ended December 31, 2023, the money-weighted rate of return, net of investment expenses and adjusted for the changing amounts actually invested, for the Pension Plan was 11.0%.

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

Changes in the Net Pension Liability (Asset):

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance, as of December 31, 2022	\$ 15,601,625	\$ 13,130,501	\$ 2,471,124
Changes for the year:			
Service cost	403,215	-	403,215
Interest	1,053,011	-	1,053,011
Difference between expected and actual experience	65,656	-	65,656
Changes in assumptions	-	-	-
Contributions - employer	-	519,321	(519,321)
Net investment income	-	1,390,274	(1,390,274)
Benefit payments, including refunds of employee contributions	(809,368)	(809,368)	-
Administrative expenses	-	(36,683)	36,683
Net changes	<u>712,514</u>	<u>1,063,544</u>	<u>(351,030)</u>
Balance, as of December 31, 2023	<u>\$ 16,314,139</u>	<u>\$ 14,194,045</u>	<u>\$ 2,120,094</u>

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

	<u>1% Decrease 5.75%</u>	<u>Current Discount Rate 6.75%</u>	<u>1% Increase 7.75%</u>
Net pension liability	\$ 3,945,479	\$ 2,120,094	\$ 617,732

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

6. Pension Plans (continued)

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

For the year ended December 31, 2023, the Authority recognized pension expense of \$ 576,409. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 229,038	\$ 44,498
Changes of assumptions	18,745	-
Net difference between projected and actual earnings on pension plan investments	820,324	-
	\$ 1,068,107	\$ 44,498

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

Year Ending December 31,	Total
2024	\$ 237,287
2025	314,488
2026	569,661
2027	(97,827)
Total	\$ 1,023,609

7. Other Post-Employment Benefits (OPEB)

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, specifies that governments must recognize their total OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in the financial statements based on the actuarial present value of projected benefit payments.

Plan Description and Funding Policy: Employees who retire from the City and their dependents are eligible to continue to participate ("single employer plan") in the City's health insurance plan (medical and prescription) currently offered through the City at the "blended" employee group rate, which is determined annually by the City. The retiree must continue to meet all participation requirements and pay all applicable premiums by the specified due date. Life, vision, and dental benefits are portable and the retiree must pay full premiums.

The following table provides a summary of the number of participants in the plan as of October 1, 2023:

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

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

Currently, the City's OPEB benefits are unfunded. This plan is not accounted for in a trust fund because there are no assets accumulated that meet the definition of a trust in GASB 75. To date, the City has followed a pay-as-you-go funding policy, therefore, only those amounts necessary to provide for the City's reporting of current year benefit costs and expenses have been contributed from the respective fund. Contribution rates are determined by the City. The Plan does not issue a stand-alone financial report and it is not included in the report of a public employee retirement system or a report of another entity.

Actuarial Methods and Assumptions: The actuarial valuation of the calculation of OPEB involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits in force at the valuation date and the historical pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

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

Measurement date:	September 30, 2024
Valuation date:	October 1, 2023
Actuarial cost method:	Entry Age Normal
Mortality:	PUB 2010 w/ MP-2021 projection
Asset valuation method:	Market
Salary increases and inflation:	3.00%
Discount rate:	4.06%
Health care cost trend:	7.00% decreasing to 4.50% ultimate
Retirement age:	Safety (uniformed): Rates from ages 50 and 20 years. General: Rates from, age 55 and 10 years.

Changes in assumptions and other inputs include the change in the discount rate from 4.87% as of the beginning of the measurement period to 4.06%, as of September 30, 2024. This change is reflected in the Schedule of Changes in total OPEB Liability. There were no benefit changes during the year.

Discount Rate: The discount rate used to measure the total OPEB liability at September 30, 2024 was 4.06%. Because the City's OPEB costs are funded on a pay-as-you-go funding structure, a tax-exempt municipal bond rate based on an index of 20 year municipal bond with an high grade credit rating as of the measurement date was used to determine the total OPEB liability. The discount rate was 4.87% as of the beginning of the measurement year.

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

Total OPEB Liability of the City: The components of the City's net OPEB liability at September 30, 2024, are as follows:

Total OPEB liability	\$ 5,680,376
OPEB Plan fiduciary net position	<u>-</u>
City's net OPEB liability	<u>\$ 5,680,376</u>
OPEB Plan fiduciary net position as a percentage of total OPEB liability	<u>0.00%</u>

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

Changes in Total OPEB Liability:

Measurement year ended September 30, 2024

Total OPEB liability:	
Service cost	\$ 431,546
Interest on total OPEB liability	233,709
Difference between expected and actual experience	(207,022)
Change of assumptions and other inputs	475,280
Benefit payments - implicit	<u>(104,185)</u>
Net change in total OPEB liability	829,328
Total OPEB liability, beginning	<u>4,851,048</u>
Total OPEB liability, ending	<u>\$ 5,680,376</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability, calculated using the discount rate of 4.06%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than current discount rate:

	1% Decrease (3.06%)	Current Discount Rate (4.06%)	1% Increase (5.06%)
Total OPEB liability	\$ <u>6,322,691</u>	\$ <u>5,680,376</u>	\$ <u>5,113,378</u>

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

	1% Trend Decrease 6.0% Decreasing to 3.5%	Trend Rate Assumption 7.0% Decreasing to 4.5%	1% Trend Increase 8.0% Decreasing to 5.5%
Total OPEB liability	\$ <u>5,002,698</u>	\$ <u>5,680,376</u>	\$ <u>6,484,335</u>

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2024, the City recognized OPEB expense (credit) of (\$ 227,414). At September 30, 2024, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 369,556	\$ 931,486
Changes in assumptions	<u>1,046,940</u>	<u>5,058,670</u>
Total	<u>\$ 1,416,496</u>	<u>\$ 5,990,156</u>

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

<u>Fiscal Year Ending September 30,</u>	<u>Amortization Amount</u>
2025	\$ (892,669)
2026	(882,584)
2027	(859,056)
2028	(859,062)
2029	(783,596)
Thereafter	<u>(296,693)</u>
	<u>\$ (4,573,660)</u>

Component Unit:

The Housing Authority’s Retiree Health Care Plan (HARHCP) is a single employer defined benefit postemployment health care plan that covers eligible retired employees of the Authority. The OPEB Plan, which is administered by the Authority, allows employees who retire and meet retirement eligibility requirements under the Authority’s retirement plan to continue medical coverage as a participant in the Authority’s Health Insurance Plan. The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage at the cost of the retiree. All employees of the Authority are eligible to receive postemployment health care benefits. Employees who retire from the Authority who meet certain criteria are eligible for a fully subsidized premium for the retiree until Medicare eligible. The retiree is responsible for any health-related coverage for spouses and eligible dependents. The Authority’s plan does not have a trust fund; therefore, has followed a pay-as-you-go funding policy. The plan does not issue a stand-alone financial report. The Authority’s net OPEB liability was \$ 1,186,024 and measured as of December 31, 2023. For the year ended December 31, 2023, the Authority reported deferred outflows of resources of \$ 474,716, deferred inflows of resources of \$ 522,812 and recognized OPEB expense of \$ 75,938.

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 2024, a total of approximately \$ 1,941,000 was incurred/paid in benefits and claims. In fiscal year 2024, the City provided coverage up to the Self-Insured Retention (SIR) level of \$ 325,000 for each worker's compensation claim, and \$ 325,000 SIR level for employer's liability with commercial insurance covering losses that exceed the SIR level. Public officials, automobile, and general liability SIR levels were \$ 100,000 with commercial insurance covering losses exceeding SIR level. There is no SIR level for crime coverage. Commercial insurance will pick up all losses up to \$ 1,000,000 inclusive of the SIR. In general, the City purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded the commercial coverage in any of the past three years.

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

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

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

All funds of the City participate in the program and make payments to the Insurance Programs Fund based on estimates of the amounts needed to pay prior and current year claims, establish reserves for future claims and provide for administrative costs of the program. Interfund premiums are based upon the insured funds' number of employees and value of facilities and are reported as quasi-external interfund transactions. A liability for workers' compensation, general liability and property claims of approximately \$ 2,843,000 is reported in the fund at September 30, 2024. The lowest acceptable confidence level to remain compliant with GASB 10 is presented below in tabular form. Changes in the fund's workers compensation, general liability and property claims on an discounted basis during the past two years are as follows (in thousands):

9. Risk Management (continued)

Fiscal Year	Beginning Liability	Claims Incurred	Estimated Prior Claims	Claims Paid and Other Adjustments	Ending Liability
2023*	\$ 3,975	\$ 1,143	\$ (504)	\$ (1,397)	\$ 3,217
2024*	\$ 3,217	\$ 1,213	\$ (122)	\$ (1,465)	\$ 2,843

* Presented at the 50% confidence level and undiscounted.

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

10. Compensated Absences

At September 30, 2024, 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, 2024 was approximately \$ 6,637,000 for all funds.

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

11. Construction Commitments

The following table presents the approximate significant construction commitments outstanding at September 30, 2024:

	Estimated Remaining Construction Commitments
Infrastructure Surtax Fund:	
Clinton Square	\$ 708,000
Bayview Park Renovations	\$ 318,000
Duval Street Revitalization	\$ 325,000
Smather's Beach Pavilions	\$ 130,000
Southernmost Point Plaza	\$ 253,000
Staples Ave Bridge	\$ 113,000
John Jones Navigation Center	\$ 6,285,000

11. Construction Commitments (continued)

	<u>Estimated Remaining Construction Commitments</u>
Sanitary Sewer System Fund:	
Directional Bore	\$ 620,000
Pump Station H Rehabilitation	\$ 2,587,000
RAS WAS Pumps and Valve Replacement at WWTP	\$ 1,856,000
WWTP Resilience Plan	\$ 440,000
Key West Bight Fund:	
907 Caroline Street	\$ 239,000
Ferry Terminal Revitalization	\$ 2,177,000

12. Long-Term Debt and Liabilities

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

	Balance October 1, 2023	Additions	Amortization/ Retirements	Balance September 30, 2024	Due Within One Year
Governmental Activities:					
Insurance claims payable	\$ 3,216,919	\$ -	\$ 373,473	\$ 2,843,446	\$ 893,834
Compensated absences	5,576,922	4,583,031	4,193,832	5,966,121	4,007,237
Total OPEB liability	4,535,545	775,390	-	5,310,935	106,219
Net pension liability	<u>34,204,965</u>	<u>-</u>	<u>2,825,381</u>	<u>31,379,584</u>	<u>-</u>
Total governmental activities	\$ <u>47,534,351</u>	\$ <u>5,358,421</u>	\$ <u>7,392,686</u>	\$ <u>45,500,086</u>	\$ <u>5,007,290</u>
Business-Type Activities:					
<i>Direct Borrowing:</i>					
Sewer System Refunding					
Revenue Bonds, Series 2013	\$ 6,780,607	\$ -	\$ 1,628,447	\$ 5,152,160	\$ 1,669,563
Compensated absences	547,915	529,156	406,603	670,468	471,354
Total OPEB liability	315,503	53,938	-	369,441	7,389
Net pension liability	577,940	586,312	-	1,164,252	-
Other	<u>502,828</u>	<u>7,724</u>	<u>-</u>	<u>510,552</u>	<u>-</u>
Total business-type activities	\$ <u>8,724,793</u>	\$ <u>1,177,130</u>	\$ <u>2,035,050</u>	\$ <u>7,866,873</u>	\$ <u>2,148,306</u>
Total long-term debt and liabilities	\$ <u>56,259,144</u>	\$ <u>6,535,551</u>	\$ <u>9,427,736</u>	\$ <u>53,366,959</u>	\$ <u>7,155,596</u>

12. Long-Term Debt and Liabilities (continued)

Revenue Obligations:

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

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

<u>Fiscal Year</u>	<u>Sewer System Refunding Revenue Bonds, Series 2013</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 1,669,563	\$ 114,420	\$ 1,783,983
2026	1,716,588	69,553	1,786,141
2027	1,766,009	23,404	1,789,413
	<u>\$ 5,152,160</u>	<u>\$ 207,377</u>	<u>\$ 5,359,537</u>

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>2023</u>	<u>2024</u>	<u>2025</u>
Base charge	\$ 24.28	\$ 25.01	\$ 27.51
Commodity charge	\$ 4.81	\$ 4.95	\$ 5.45

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

12. Long-Term Debt and Liabilities (continued)

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

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

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

Component Unit:

The following is a summary of changes in long-term debt and liabilities for the Authority for the year ended December 31, 2023:

	Balance January 1, 2023	Additions	Amortization/ Retirements	Balance December 31, 2023	Due Within One Year
Notes payable	\$ 17,017,730	\$ 9,391,536	304,666	\$ 26,104,600	\$ 227,088
Revenue notes	38,910,500	-	1,672,523	37,237,977	8,588,700
Compensated absences	213,097	321,024	312,433	221,688	22,168
OPEB liability	971,607	214,417	-	1,186,024	-
Net pension liability	2,471,124	-	351,030	2,120,094	-
Total long-term debt and liabilities	\$ 59,584,058	\$ 9,926,977	\$ 2,640,652	\$ 66,870,383	\$ 8,837,956

12. Long-Term Debt and Liabilities (continued)

Notes Payable, as of December 31, 2023, are comprised of the following:

Notes Payable Description:

On October 14, 2021, the Authority entered into an agreement with the Florida Housing Corporation for \$11,600,000 in Community Development Block Grant Disaster Recovery (CDBG-DR) grants funds. The note is non-amortizing and noninterest bearing for a term of 20 years. The note will not require payment for as long as the Development remains in compliance and will be forgiven after 20 years. \$ 11,600,000

Multifamily Housing Revenue Bond, Series 2010, in the principal amount of \$ 1,759,000. The bond is amortized over a 20-year period and bears interest at 4.50%. The bond is due in August 2030. In addition, The Authority borrowed \$ 1,636,000 (two notes) from the Monroe County Comprehensive Plan Land Authority in order to acquire the property "Washington Street." The entire loan balance for the second note (\$ 800,000) will be forgiven in 30 years if all covenant conditions are met. These loans do not bear interest and mature in 30 years. 3,047,228

Mortgage note due to a governmental agency, collateralized by land, "Key Plaza Site B," payable in full in November 2031, non-interest bearing. 1,500,000

Mortgage land notes of \$ 225,000 and \$ 550,000, "Eisenhower Land", due to a governmental agency, no indication of collateral, principals will be forgiven in November 2041 if covenants of the agreement are met. 775,000

On October 14, 2021, the Authority entered into nonrevolving loan for the development of the Garden View Apartments in the amount of \$ 9,212,084. The loan is interest only for the first 24 months, with monthly principal and interest payments due after based on a 30-year amortization. The entire outstanding balance of the loan is due and payable in full at the end of the 96th month following the start of the principal and interest period. The interest rate for the loan during the construction period will be a fixed rate of 2.61%. 9,182,372

\$ 26,104,600

12. Long-Term Debt and Liabilities (continued)

Revenue Notes, as of December 31, 2023, are comprised of the following:

Revenue Notes Description:

<p>Multifamily Housing Revenue Refunding Note, Series 2014A and Taxable Multifamily Housing Revenue Refunding Note, Series 2014B. Both of these notes have issuance dates of May 7, 2014 and mature in 2024. Series 2014A and Series 2014B bear interest at 3.5% and 5.3%, respectively. The outstanding balance of Series 2014A and Series 2014B was \$ 6,131,181 and \$ 1,312,242, respectively.</p>	<p>\$ 7,443,423</p>
<p>Multifamily Housing Revenue Note amortized over a 25-year period and bearing interest at 4.00%. A 10-year call exists at which time the loan’s interest rate will be renegotiated. If a new rate is not agreed upon, the loan will become payable and due. These notes are collateralized by the land, project improvements and property located on the land “Roosevelt Gardens.”</p>	<p>6,124,467</p>
<p>Housing Revenue Note, Series 2015A and Taxable Housing Revenue Note, Series 2015B. In December 2016, the Authority refinanced a portion of the Series 2015B. The Series 2016 Note has an interest rate of 2.90% with interest only beginning the date of issuance for approximately ten months with a 28-year amortization beginning immediately following the interest only period. Both the 2015A and 2015B Notes have issuance dates of September 1, 2015 and mature in 2045. Series 2015A and Series 2015B bear interest at 2.90% and 4.74%, respectively. The outstanding balance of Series 2015A, Series 2015B and Series 2016 was \$ 7,096,443, \$ 1,163,595 and \$ 8,881,060, respectively.</p>	<p>17,141,098</p>
<p>Second mortgage payable to a local government agency to facilitate the acquisition of the “Poinciana Complex”. This note is non-interest bearing and is due in January 2034. Collateralized by the land, project improvements and property located on the land.</p>	<p>2,210,000</p>
<p>Housing Revenue Bond, Series 2009, issued to a local banking institution in the principal amount of \$ 2,900,000 to demolish existing structures and construct new rental units on the site “Key Plaza Site B.” Collateralized by first mortgage on land, project improvements and property located on the land; bearing interest at 3.50% with other applicable conditions. The bond is amortized over a 25-year period with a 7-year balloon, with an available maturity through November 2035.</p>	<p>1,083,838</p>

12. Long-Term Debt and Liabilities (continued)

Revenue Notes Description (continued):

\$ 2,216,644 Housing Revenue Note, Series 2017. The note is a tax-exempt note and bears a 2.90% interest rate. The initial 10 months of the note shall be interest only; interest is accrued on the principal amount outstanding. Payments of principal and interest are payable on a 27-year amortization period. The note is collateralized by senior living facilities. 1,964,878

On April 1, 2018, the Authority entered into a \$1,500,000 Multifamily Housing Revenue Note (Series 2018) with a local banking institution. The proceeds from this note were used to retire the HOME Loan that was provided by the Florida Housing Finance Corporation. The loan has an interest rate of 3.5% and a maturity date of May 1, 2028. 1,270,273

\$ 37,237,977

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

Fiscal Year Ending December 31,	Notes Payable		Revenue Notes	
	Principal	Interest	Principal	Interest
2024	\$ 227,088	\$ 370,956	\$ 8,588,700	\$ 1,038,791
2025	236,300	362,526	1,300,004	859,602
2026	245,133	353,765	1,120,503	821,261
2027	254,164	344,672	1,160,240	781,523
2028	263,150	335,249	2,221,471	720,199
2029-2033	10,047,205	162,164	6,381,173	2,873,354
2034-2038	413,875	143,610	8,527,027	1,694,058
2039-2043	14,417,685	39,301	4,871,791	853,929
2044-2048	-	-	3,067,068	117,134
Totals	\$ <u>26,104,600</u>	\$ <u>2,112,243</u>	\$ <u>37,237,977</u>	\$ <u>9,759,851</u>

13. Interfund Assets and Liabilities

A summary of interfund receivable and payable balances at September 30, 2024 are as follows:

Interfund Items (current)	Receivables	Payables
Governmental Funds:		
General	\$ -	\$ 1,171,426
Infrastructure Surtax	-	5,290
Nonmajor	1,500,000	35,890
Interfund Items (current)		
Enterprise Funds:		
Sanitary Sewer System	-	8,864
Solid Waste	-	18,015

13. Interfund Assets and Liabilities (continued)

Key West Bight	-	50,471
Transit System	-	1,593,366
Nonmajor	-	40,320
Internal Service Fund:		
Insurance Programs	<u>1,423,642</u>	<u>-</u>
	\$ <u>2,923,642</u>	\$ <u>2,923,642</u>

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

A summary of advances (receivables and payables) at September 30, 2024 are as follows:

<u>Advances (long-term)</u>	<u>Receivables</u>	<u>Payables</u>
Governmental Funds:		
General	\$ 311,216	\$ -
Enterprise Funds:		
Sanitary Sewer System	843,576	-
Nonmajor	<u>-</u>	<u>1,154,792</u>
Total	\$ <u>1,154,792</u>	\$ <u>1,154,792</u>

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

14. Interfund Transfers

A summary of interfund transfers for the year ended September 30, 2024 is as follows:

Transfers	In	Out
Governmental Funds:		
General	\$ 14,640,882 a,b,c,g	\$ 4,907,349 e,g,l
Infrastructure Surtax	418,073 f,m	4,843,757 c,b,d
Nonmajor governmental funds	8,323,949 d,e,g,h	2,982,412 c,j
Enterprise Funds:		
Sanitary Sewer System	-	937,593 c,i
Solid Waste	-	1,909,152 a,c,i
Key West Bight	-	6,952,541 a,c,d,i
Transit System	1,300,000 j,k	553,500 a,c,i
Nonmajor enterprise funds	-	995,504 a,c,i
Internal Service Fund:		
Insurance Programs	-	601,096 c,j
Totals	\$ <u>24,682,904</u>	\$ <u>24,682,904</u>

Purpose for these transfers are set forth below:

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> a) Payments in lieu of taxes b) 10% of the budgeted discretionary sales surtax revenues c) Cost allocation and recovery of general fund services d) Various infrastructure and other capital projects e) Tax incremental funding f) Staples Ave Bridge project from TAF Fund | <ul style="list-style-type: none"> g) Various operating costs h) Transfer for CDO Operational Support i) Franchise & right of way j) Transfer subrogation funds for repair cost offset k) Subsidy for transit programs and projects l) Subsidy for Affordable Housing initiatives m) Transfer for John Jones Navigation Ctr |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

15. Lease Receivable

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

15. Lease Receivable (continued)

The City reports Lease Receivables of \$ 18,530,728 at September 30, 2024. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discounted rate. For the year ended September 30, 2024, the City reported lease revenue of approximately \$ 5,539,000 and interest revenue of approximately \$ 214,000 related to lease payments received. The leases are for buildings and land throughout the City.

As of September 30, 2024, future base minimum lease payments expected to be received are as follows:

Fiscal Year	Governmental Activities		Total Payments
	Principal Payments	Interest Payments	
2025	\$ 1,244,133	\$ 87,409	\$ 1,331,542
2026	941,843	77,533	1,019,376
2027	930,116	63,854	993,970
2028	823,198	52,515	875,713
2029	526,906	42,690	569,596
2030-2080	2,249,716	814,259	3,063,975
	<u>\$ 6,715,912</u>	<u>\$ 1,138,260</u>	<u>\$ 7,854,172</u>

Fiscal Year	Business-Type Activities		Total Payments
	Principal Payments	Interest Payments	
2025	\$ 3,506,593	\$ 103,654	\$ 3,610,247
2026	2,796,901	78,128	2,875,029
2027	1,936,719	57,272	1,993,991
2028	1,237,812	40,091	1,277,903
2029	689,081	29,224	718,305
2030-2034	1,647,710	42,485	1,690,195
	<u>\$ 11,814,816</u>	<u>\$ 350,854</u>	<u>\$ 12,165,670</u>

16. Contingencies

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

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

16. Contingencies (continued)

The City receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants and revenue sharing. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, if any, such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at September 30, 2024.

17. Change Within Financial Reporting Entity

For the fiscal year ended September 30, 2024, the City had a change within the financial reporting entity due to funds changing from major to nonmajor in the current year that resulted in an adjustment to beginning fund balances as follows:

Governmental funds:	<u>Community Development Office Fund</u>	<u>Gas Tax Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>
Fund Balances, Beginning of Year, as previously presented	\$ 538,327	\$ 4,895,106	\$ 415,031	\$ 17,143,515
Change from major to nonmajor fund	<u>(538,327)</u>	<u>(4,895,106)</u>	<u>(415,031)</u>	<u>5,848,464</u>
Fund Balances, Beginning of Year, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,991,979</u>
Proprietary funds:	<u>Stormwater Fund</u>	<u>Garrison Bight Fund</u>	<u>Nonmajor Proprietary Funds</u>	
Net Position, Beginning of Year, as previously presented	\$ 21,713,190	\$ 12,459,074	\$ -	
Change from major to nonmajor fund	<u>(21,713,190)</u>	<u>(12,459,074)</u>	<u>34,172,264</u>	
Net Position, Beginning of Year, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,172,264</u>	

REQUIRED SUPPLEMENTARY INFORMATION

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 23,014,253	\$ 23,014,253	\$ 22,878,898	\$ (135,355)
Licenses and permits	5,001,553	5,001,553	8,682,123	3,680,570
Intergovernmental	13,548,797	12,526,301	11,913,802	(612,499)
Charges for services	10,732,707	10,738,421	11,132,620	394,199
Fines and forfeitures	934,500	934,500	1,199,427	264,927
Investment earnings	150,000	150,000	1,761,601	1,611,601
Rental income	2,346,075	2,346,075	2,546,970	200,895
Contributions and other	50,000	53,850	332,576	278,726
Total revenues	<u>55,777,885</u>	<u>54,764,953</u>	<u>60,448,017</u>	<u>5,683,064</u>
Expenditures:				
Personnel services	53,902,784	54,804,209	53,985,640	818,569
Operating	13,615,020	14,229,041	12,546,987	1,682,054
Capital outlay	1,449,515	2,761,090	1,210,738	1,550,352
Aid to private organizations	418,800	443,800	444,596	(796)
Total expenditures	<u>69,386,119</u>	<u>72,238,140</u>	<u>68,187,961</u>	<u>4,050,179</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(13,608,234)</u>	<u>(17,473,187)</u>	<u>(7,739,944)</u>	<u>9,733,243</u>
Other Financing Sources (Uses):				
Transfers in	14,246,406	14,623,096	14,440,882	(182,214)
Transfers out	(2,262,492)	(4,907,349)	(4,907,349)	-
Total other financing sources (uses)	<u>11,983,914</u>	<u>9,715,747</u>	<u>9,533,533</u>	<u>(182,214)</u>
Net change in fund balance	\$ <u>(1,624,320)</u>	\$ <u>(7,757,440)</u>	1,793,589	\$ <u>9,551,029</u>
Fund Balance, October 1			<u>24,581,414</u>	
Fund Balance, September 30			\$ <u>26,375,003</u>	

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

Fiscal Year:	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement Date:	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Total OPEB liability:							
Service cost	\$ 431,546	\$ 339,700	\$ 591,198	\$ 932,349	\$ 766,857	\$ 630,043	\$ 751,138
Interest on total OPEB Liability	233,709	245,664	153,010	232,526	312,934	313,949	290,240
Difference between expected and actual experience	(207,022)	(483,470)	202,003	422,796	(102,430)	(800,543)	-
Changes of assumptions or other inputs	475,280	(348,943)	(2,012,137)	(6,099,664)	1,212,182	45,947	(292,432)
Benefits payments - implicit	<u>(104,185)</u>	<u>(104,185)</u>	<u>(57,002)</u>	<u>(57,002)</u>	<u>(73,000)</u>	<u>(73,419)</u>	<u>(172,454)</u>
Net change in total OPEB liability	829,328	(351,234)	(1,122,928)	(4,568,995)	2,116,543	115,977	576,492
Total OPEB liability - beginning	<u>4,851,048</u>	<u>5,202,282</u>	<u>6,325,210</u>	<u>10,894,205</u>	<u>8,777,662</u>	<u>8,661,685</u>	<u>8,085,193</u>
Total OPEB liability - ending	<u>\$ 5,680,376</u>	<u>\$ 4,851,048</u>	<u>\$ 5,202,282</u>	<u>\$ 6,325,210</u>	<u>\$ 10,894,205</u>	<u>\$ 8,777,662</u>	<u>\$ 8,661,685</u>
Covered-employee payroll	\$ 42,979,959	\$ 37,284,153	\$ 35,208,373	\$ 31,542,874	\$ 31,684,760	\$ 28,514,525	\$ 28,319,809
Total OPEB liability as a percentage of covered-employee payroll	13.2%	13.0%	14.8%	20.1%	34.4%	30.8%	30.6%

Notes to Schedule:

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

Changes in assumptions or other inputs include the change in the discount rate from 4.87% as of the beginning of the measurement period to 4.06%, as of September 30, 2024.

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

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

Fiscal year:	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement Date:	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Total pension liability:										
Service cost	\$ 2,034,182	\$ 1,662,246	\$ 1,772,264	\$ 1,757,227	\$ 1,652,798	\$ 1,472,641	\$ 1,427,943	\$ 1,269,240	\$ 1,154,040	\$ 1,134,108
Interest	4,905,738	4,292,899	4,575,011	4,305,858	4,122,010	3,944,192	3,791,376	3,499,027	3,277,233	3,149,825
Differences between expected and actual experience	3,005,833	(1,656,647)	(399,414)	297,654	(1,376,405)	(180,469)	1,851,258	1,253,381	(189,114)	(795,460)
Assumption changes	-	617,915	304,953	(661,749)	1,611,968	-	43,681	(97,983)	-	1,479,338
Benefit payments, including refunds of member contributions	<u>(4,060,304)</u>	<u>(3,642,062)</u>	<u>(3,489,494)</u>	<u>(3,270,520)</u>	<u>(3,118,279)</u>	<u>(3,121,318)</u>	<u>(3,041,719)</u>	<u>(2,735,024)</u>	<u>(2,671,762)</u>	<u>(2,261,393)</u>
Net change in total pension liability	5,885,449	1,274,351	2,763,320	2,428,470	2,892,092	2,115,046	4,072,539	3,188,641	1,570,397	2,706,418
Total pension liability - beginning	<u>64,334,627</u>	<u>63,060,276</u>	<u>60,296,956</u>	<u>57,868,486</u>	<u>54,976,394</u>	<u>52,861,348</u>	<u>48,788,809</u>	<u>45,600,168</u>	<u>44,029,771</u>	<u>41,323,353</u>
Total pension liability - ending (A)	<u>\$ 70,220,076</u>	<u>\$ 64,334,627</u>	<u>\$ 63,060,276</u>	<u>\$ 60,296,956</u>	<u>\$ 57,868,486</u>	<u>\$ 54,976,394</u>	<u>\$ 52,861,348</u>	<u>\$ 48,788,809</u>	<u>\$ 45,600,168</u>	<u>\$ 44,029,771</u>
Plan fiduciary net position:										
Contributions - employer	\$ 1,263,192	\$ 1,133,833	\$ 1,191,439	\$ 1,149,081	\$ 998,882	\$ 991,645	\$ 752,506	\$ 730,895	\$ 842,957	\$ 919,864
Contributions - members	1,065,432	928,271	799,120	843,592	832,985	790,420	797,975	769,999	708,253	655,206
Net investment earnings (losses)	5,879,721	(8,497,967)	12,343,176	5,547,341	1,577,081	5,148,560	6,120,262	3,511,656	555,804	4,431,002
Benefit payments, including refunds of member contributions	(4,060,304)	(3,642,062)	(3,489,494)	(3,270,520)	(3,118,279)	(3,121,318)	(3,041,719)	(2,735,024)	(2,671,762)	(2,261,393)
Administrative expenses	<u>(156,280)</u>	<u>(158,749)</u>	<u>(144,762)</u>	<u>(126,405)</u>	<u>(168,255)</u>	<u>(184,725)</u>	<u>(184,764)</u>	<u>(211,426)</u>	<u>(163,130)</u>	<u>(142,131)</u>
Net change in plan fiduciary net position	3,991,761	(10,236,674)	10,699,479	4,143,089	122,414	3,624,582	4,444,260	2,066,100	(727,878)	3,602,548
Plan fiduciary net position - beginning	<u>62,019,161</u>	<u>72,255,835</u>	<u>61,556,356</u>	<u>57,413,267</u>	<u>57,290,853</u>	<u>53,666,271</u>	<u>49,222,011</u>	<u>47,155,911</u>	<u>47,883,789</u>	<u>44,281,241</u>
Plan fiduciary net position - ending (B)	<u>\$ 66,010,922</u>	<u>\$ 62,019,161</u>	<u>\$ 72,255,835</u>	<u>\$ 61,556,356</u>	<u>\$ 57,413,267</u>	<u>\$ 57,290,853</u>	<u>\$ 53,666,271</u>	<u>\$ 49,222,011</u>	<u>\$ 47,155,911</u>	<u>\$ 47,883,789</u>
City's net pension liability (asset)- ending (A) - (B)	<u>\$ 4,209,154</u>	<u>\$ 2,315,466</u>	<u>\$ (9,195,559)</u>	<u>\$ (1,259,400)</u>	<u>\$ 455,219</u>	<u>\$ (2,314,459)</u>	<u>\$ (804,923)</u>	<u>\$ (433,202)</u>	<u>\$ (1,555,743)</u>	<u>\$ (3,854,018)</u>
Plan fiduciary net position as a percentage of the total pension liability	94.01%	96.40%	114.58%	102.09%	99.21%	104.21%	101.52%	100.89%	103.41%	108.75%
Covered payroll	\$ 17,757,200	\$ 15,471,183	\$ 13,318,667	\$ 14,059,867	\$ 13,882,991	\$ 13,173,649	\$ 13,299,209	\$ 13,093,472	\$ 11,773,303	\$ 10,500,212
City's net pension liability (asset) as percentage of covered payroll	23.70%	14.97%	-69.04%	-8.96%	3.28%	-17.57%	-6.05%	-3.31%	-13.21%	-36.70%

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

Fiscal year:	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Measurement Date:	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Total pension liability:										
Service cost	\$ 3,494,209	\$ 3,234,879	\$ 2,967,988	\$ 2,358,811	\$ 1,883,330	\$ 1,916,291	\$ 1,779,015	\$ 1,616,830	\$ 1,454,687	\$ 1,481,267
Interest	10,900,371	10,332,322	9,878,207	9,574,556	9,732,692	9,352,467	8,704,537	7,783,325	7,402,128	7,063,784
Differences between expected and actual experience	1,557,278	67,397	1,727,463	(1,917,298)	(710,726)	1,924,924	2,335,251	473,539	260,206	-
Assumption changes	(9,101)	-	8,951,924	4,910,631	-	536,041	3,930,249	1,231,928	2,284,845	-
Benefit payments, including refunds of member contributions	<u>(8,124,125)</u>	<u>(6,395,300)</u>	<u>(6,990,958)</u>	<u>(5,908,202)</u>	<u>(6,204,206)</u>	<u>(5,835,862)</u>	<u>(4,973,927)</u>	<u>(4,852,091)</u>	<u>(4,300,292)</u>	<u>(4,065,051)</u>
Net change in total pension liability	7,818,632	7,239,298	16,534,624	9,018,498	4,701,090	7,893,861	11,775,125	6,253,531	7,101,574	4,480,000
Total pension liability - beginning	<u>154,739,264</u>	<u>147,499,966</u>	<u>130,965,342</u>	<u>121,946,844</u>	<u>117,245,754</u>	<u>109,351,893</u>	<u>97,576,768</u>	<u>91,323,237</u>	<u>84,221,663</u>	<u>79,741,662</u>
Total pension liability - ending (A)	<u>\$ 162,557,896</u>	<u>\$ 154,739,264</u>	<u>\$ 147,499,966</u>	<u>\$ 130,965,342</u>	<u>\$ 121,946,844</u>	<u>\$ 117,245,754</u>	<u>\$ 109,351,893</u>	<u>\$ 97,576,768</u>	<u>\$ 91,323,237</u>	<u>\$ 84,221,662</u>
Plan fiduciary net position:										
Contributions - employer	\$ 4,501,885	\$ 3,975,506	\$ 4,310,507	\$ 4,123,745	\$ 4,375,564	\$ 3,765,235	\$ 3,581,684	\$ 2,835,282	\$ 2,801,375	\$ 2,975,423
Contributions - state	1,067,851	622,885	599,411	572,176	640,814	645,479	572,152	532,550	578,511	727,859
Contributions - members	1,247,906	1,132,131	1,300,351	1,019,220	935,670	872,519	895,491	822,496	777,269	764,013
Net investment earnings (losses)	13,453,511	(23,536,988)	23,643,098	12,561,144	4,081,027	10,642,484	11,413,677	7,042,214	614,041	8,116,554
Benefit payments, including refunds of member contributions	(8,124,125)	(6,395,300)	(6,977,052)	(5,908,202)	(6,204,206)	(5,835,862)	(4,973,927)	(4,852,091)	(4,300,292)	(4,065,051)
Administrative expenses	<u>(195,639)</u>	<u>(168,486)</u>	<u>(142,527)</u>	<u>(115,509)</u>	<u>(205,265)</u>	<u>(165,342)</u>	<u>(182,082)</u>	<u>(175,719)</u>	<u>(142,080)</u>	<u>(109,548)</u>
Net change in plan fiduciary net position	11,951,389	(24,370,252)	22,733,788	12,252,574	3,623,604	9,924,513	11,306,995	6,204,732	328,824	8,409,250
Plan fiduciary net position - beginning	<u>122,271,825</u>	<u>146,642,077</u>	<u>123,908,289</u>	<u>111,655,715</u>	<u>108,032,111</u>	<u>98,107,598</u>	<u>86,800,603</u>	<u>80,595,871</u>	<u>80,267,047</u>	<u>71,857,797</u>
Plan fiduciary net position - ending (B)	<u>\$ 134,223,214</u>	<u>\$ 122,271,825</u>	<u>\$ 146,642,077</u>	<u>\$ 123,908,289</u>	<u>\$ 111,655,715</u>	<u>\$ 108,032,111</u>	<u>\$ 98,107,598</u>	<u>\$ 86,800,603</u>	<u>\$ 80,595,871</u>	<u>\$ 80,267,047</u>
City's net pension liability - ending (A) - (B)	<u>\$ 28,334,682</u>	<u>\$ 32,467,439</u>	<u>\$ 857,889</u>	<u>\$ 7,057,053</u>	<u>\$ 10,291,129</u>	<u>\$ 9,213,643</u>	<u>\$ 11,244,295</u>	<u>\$ 10,776,165</u>	<u>\$ 10,727,366</u>	<u>\$ 3,954,615</u>
Plan fiduciary net position as a percentage of the total pension liability	82.57%	79.02%	99.42%	94.61%	91.56%	92.14%	89.72%	88.96%	88.25%	95.30%
Covered payroll	\$ 15,056,321	\$ 13,971,558	\$ 14,097,451	\$ 13,386,293	\$ 12,249,085	\$ 12,324,694	\$ 11,570,527	\$ 11,325,253	\$ 9,977,377	\$ 10,553,410
City's net pension liability as a percentage of covered payroll	188.19%	232.38%	6.09%	52.72%	84.02%	74.76%	97.18%	95.15%	107.52%	37.47%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,337	\$ 1,087	\$ 1,121	\$ 1,191	\$ 1,140	\$ 960	\$ 992	\$ 664	\$ 475	\$ 475
Contributions in relation to the actuarially determined contribution	<u>1,355</u>	<u>1,263</u>	<u>1,134</u>	<u>1,191</u>	<u>1,149</u>	<u>999</u>	<u>992</u>	<u>753</u>	<u>731</u>	<u>843</u>
Contribution deficiency (excess)	\$ <u>(18)</u>	\$ <u>(176)</u>	\$ <u>(13)</u>	\$ <u>-</u>	\$ <u>(9)</u>	\$ <u>(39)</u>	\$ <u>-</u>	\$ <u>(89)</u>	\$ <u>(256)</u>	\$ <u>(368)</u>
Covered payroll	\$ 20,263	\$ 17,757	\$ 15,471	\$ 13,319	\$ 14,060	\$ 13,883	\$ 13,174	\$ 13,300	\$ 13,093	\$ 11,773
Contributions as a percentage of covered payroll	6.68%	7.11%	7.33%	8.94%	8.17%	7.20%	7.53%	5.66%	5.58%	7.16%

Notes to Schedule:

Valuation date: October 1, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Closed
Amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Projected salary increases	4.00% - 6.00%
Investment rate of return	7.25%
Cost of living adjustments	None
Retirement rates	Experience-based table rates that are specific to the type of eligibility condition.
Mortality	PUB-2010 Mortality Tables for male and female, as appropriate.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 5,894	\$ 5,023	\$ 4,487	\$ 4,832	\$ 4,645	\$ 4,384	\$ 4,411	\$ 4,153	\$ 3,356	\$ 3,323
Contributions in relation to the actuarially determined contribution	<u>5,894</u>	<u>5,023</u>	<u>4,487</u>	<u>4,832</u>	<u>4,645</u>	<u>4,384</u>	<u>4,411</u>	<u>4,153</u>	<u>3,356</u>	<u>3,323</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 16,687	\$ 15,056	\$ 13,972	\$ 14,097	\$ 13,386	\$ 12,249	\$ 12,325	\$ 11,571	\$ 11,325	\$ 9,977
Contributions as a percentage of covered payroll	35.32%	33.36%	32.11%	34.28%	34.70%	35.79%	35.79%	35.89%	29.63%	33.31%

Notes to Schedule:

Valuation date: October 1, 2023

Methods and assumptions used to determine contribution rates:

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	20.6%	9.4%	(12.2%)	20.2%	9.5%	2.5%	9.3%	12.2%	7.1%	1.0%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	23.16	12.17	(16.9%)	18.8%	10.8%	3.9%	10.5%	13.8%	9.4%	(0.2%)

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds Overview

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

Community Development Office Fund – To account for proceeds and disbursements of housing, economic, and urban development grants.

Gas Tax Fund – To account for county and state gasoline tax revenue sharing, and other grant funding, designated for the capital improvements of the street and sidewalks and other transportation needs of the City.

Capital Projects Fund

Capital Projects Fund – To account for financial resources expended on acquisitions or construction of major capital facilities, other than those financed by proprietary funds and trust funds.

**City of Key West, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2024**

	Special Revenue Funds												Total	
	Law Enforcement Trust Fund	Fort Taylor Fund	Affordable Housing Escrow Fund	Bahama Village Fund	Navy Pier Payments Fund	Caroline Street Fund	Community Fund	Transportation Alternative Fund	Truman Waterfront Fund	Adaptation & Sustainability Fund	Community Development Office Fund	Gas Tax Fund		Capital Projects Fund
Assets:														
Cash, cash equivalents and investments	\$ 294,873	\$ 2,009,251	\$ 407,172	\$ 2,133,805	\$ 1,291,280	\$ 4,133,732	\$ 253,719	\$ 1,387,908	\$ 94,088	\$ 530,448	\$ 616,397	\$ 4,063,073	\$ 226,600	\$ 17,442,346
Receivables (net of allowance for uncollectibles):														
Accounts	-	-	-	-	-	-	-	-	-	-	266,599	-	-	266,599
Intergovernmental	-	848,233	-	500,000	-	-	-	222,454	-	149,796	42,678	540,476	-	2,303,637
Mortgage notes	-	-	-	-	-	-	-	-	-	-	1,508,596	-	-	1,508,596
Interfund	-	-	-	-	-	-	-	-	-	-	-	1,500,000	-	1,500,000
Prepays	-	-	-	-	-	-	-	-	-	-	300	-	-	300
Total assets	<u>\$ 294,873</u>	<u>\$ 2,857,484</u>	<u>\$ 407,172</u>	<u>\$ 2,633,805</u>	<u>\$ 1,291,280</u>	<u>\$ 4,133,732</u>	<u>\$ 253,719</u>	<u>\$ 1,610,362</u>	<u>\$ 94,088</u>	<u>\$ 680,244</u>	<u>\$ 2,434,570</u>	<u>\$ 6,103,549</u>	<u>\$ 226,600</u>	<u>\$ 23,021,478</u>
Liabilities:														
Accounts payable and accrued liabilities	\$ -	\$ 4,140	\$ -	\$ 283	\$ 707,400	\$ 283	\$ 779	\$ 5,080	\$ 3,517	\$ 30,324	\$ 42,198	\$ 8,945	\$ -	\$ 802,949
Accrued payroll and related expenditures	-	-	-	-	-	-	-	405	1,266	931	-	1,224	-	3,826
Interfund	-	-	-	1,573	-	1,573	-	3,003	12,296	5,291	3,003	9,151	-	35,890
Unearned revenue	-	-	-	-	-	-	80,116	4,844	31,089	-	1,383,417	185,847	-	1,685,313
Contracts payable	-	-	-	826,027	-	-	-	181,882	-	-	-	594,605	-	1,602,514
Total liabilities	<u>-</u>	<u>4,140</u>	<u>-</u>	<u>827,883</u>	<u>707,400</u>	<u>1,856</u>	<u>80,895</u>	<u>195,214</u>	<u>48,168</u>	<u>36,546</u>	<u>1,428,618</u>	<u>799,772</u>	<u>-</u>	<u>4,130,492</u>
Fund Balances:														
Non-spendable														
Prepays	-	-	-	-	-	-	-	-	-	-	300	-	-	300
Restricted for:														
Infrastructure and capital projects	-	-	-	-	-	-	-	-	-	-	-	-	226,600	226,600
Law enforcement	294,873	-	-	-	-	-	-	-	-	-	-	-	-	294,873
Natural resources	-	2,853,344	-	-	-	-	-	-	-	-	-	-	-	2,853,344
Housing initiatives and urban redevelopment	-	-	407,172	1,805,922	-	4,131,876	-	-	-	-	628,927	-	-	6,973,897
Transportation	-	-	-	-	583,880	-	-	1,415,148	-	-	-	5,303,777	-	7,302,805
Committed to:														
Art in public places	-	-	-	-	-	-	172,824	-	-	-	-	-	-	172,824
Truman Waterfront	-	-	-	-	-	-	-	-	45,920	-	-	-	-	45,920
Renewable resources	-	-	-	-	-	-	-	-	-	643,698	-	-	-	643,698
Housing initiatives and urban redevelopment	-	-	-	-	-	-	-	-	-	-	376,725	-	-	376,725
Total fund balances	<u>294,873</u>	<u>2,853,344</u>	<u>407,172</u>	<u>1,805,922</u>	<u>583,880</u>	<u>4,131,876</u>	<u>172,824</u>	<u>1,415,148</u>	<u>45,920</u>	<u>643,698</u>	<u>1,005,952</u>	<u>5,303,777</u>	<u>226,600</u>	<u>18,890,986</u>
Total liabilities and fund balances	<u>\$ 294,873</u>	<u>\$ 2,857,484</u>	<u>\$ 407,172</u>	<u>\$ 2,633,805</u>	<u>\$ 1,291,280</u>	<u>\$ 4,133,732</u>	<u>\$ 253,719</u>	<u>\$ 1,610,362</u>	<u>\$ 94,088</u>	<u>\$ 680,244</u>	<u>\$ 2,434,570</u>	<u>\$ 6,103,549</u>	<u>\$ 226,600</u>	<u>\$ 23,021,478</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, 2024

	Special Revenue Funds													Total
	Law Enforcement Trust Fund	Fort Taylor Fund	Affordable Housing Escrow Fund	Bahama Village Fund	Navy Pier Payments Fund	Caroline Street Fund	Community Fund	Transportation Alternative Fund	Truman Waterfront Fund	Adaptation & Sustainability Fund	Community Development Office Fund	Gas Tax Fund	Capital Projects Fund	
Revenues:														
Taxes	\$ -	\$ -	\$ -	\$ 924,423	\$ -	\$ 813,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,767,282	\$ -	\$ 3,504,871
Intergovernmental	5,448	309,236	-	500,000	-	-	-	441,938	-	107,392	593,042	-	-	1,957,056
Charges for services	-	-	409,127	-	5,714	-	-	679,769	632,732	-	-	-	-	1,727,342
Fines and forfeitures	-	-	-	126	-	-	-	-	3,556	-	-	-	-	3,682
Investment earnings	19,151	98,524	23,526	320,836	1,410	206,296	13,226	66,599	5,136	48,180	25,039	293,420	17,663	1,139,006
Contributions and other	-	-	125,000	-	-	-	600	-	24,525	-	-	340,219	-	490,344
Total revenues	24,599	407,760	557,653	1,745,385	7,124	1,019,462	13,826	1,188,306	665,949	155,572	618,081	2,400,921	17,663	8,822,301
Expenditures:														
Current:														
General government	-	57,287	-	-	-	-	-	-	-	-	-	-	4,760	62,047
Public safety	44,019	-	-	-	-	-	-	-	-	-	-	-	-	44,019
Transportation	-	-	-	-	727,885	-	-	255,944	-	-	-	1,084,993	-	2,068,822
Economic environment	-	-	101,848	68,255	-	103,797	8,255	-	-	868,072	-	-	-	1,150,227
Culture and recreation	-	-	-	-	-	-	-	-	875,989	-	739,673	-	-	1,615,662
Capital outlay	63,868	-	-	7,490,960	-	11,660	-	725,580	31,953	-	-	5,200,033	-	13,524,054
Total expenditures	107,887	57,287	101,848	7,559,215	727,885	115,457	8,255	981,524	907,942	868,072	739,673	6,285,026	4,760	18,464,831
Excess (deficiency) of revenues over expenditures	(83,288)	350,473	455,805	(5,813,830)	(720,761)	904,005	5,571	206,782	(241,993)	(712,500)	(121,592)	(3,884,105)	12,903	(9,642,530)
Other Financing Sources (Uses):														
Transfers in	-	-	250,000	707,893	-	622,696	25,000	-	414,448	492,455	589,217	5,406,120	16,120	8,523,949
Transfers out	(17,432)	(12,650)	(672,960)	(324,968)	-	(310,384)	(11,828)	(75,812)	(145,376)	(80,204)	-	(1,113,344)	(217,454)	(2,982,412)
Total other financing sources (uses)	(17,432)	(12,650)	(422,960)	382,925	-	312,312	13,172	(75,812)	269,072	412,251	589,217	4,292,776	(201,334)	5,541,537
Net change in fund balances	(100,720)	337,823	32,845	(5,430,905)	(720,761)	1,216,317	18,743	130,970	27,079	(300,249)	467,625	408,671	(188,431)	(4,100,993)
Fund Balances (Deficits) - Beginning, as previously presented	395,593	2,515,521	374,327	7,236,827	1,304,641	2,915,559	154,081	1,284,178	18,841	943,947	-	-	-	17,143,515
Change within financial reporting entity (major to nonmajor)	-	-	-	-	-	-	-	-	-	-	538,327	4,895,106	415,031	5,848,464
Fund Balances (Deficits) - Beginning, as adjusted	395,593	2,515,521	374,327	7,236,827	1,304,641	2,915,559	154,081	1,284,178	18,841	943,947	538,327	4,895,106	415,031	22,991,979
Fund Balances (Deficit) - Ending	\$ 294,873	\$ 2,853,344	\$ 407,172	\$ 1,805,922	\$ 583,880	\$ 4,131,876	\$ 172,824	\$ 1,415,148	\$ 45,920	\$ 643,698	\$ 1,005,952	\$ 5,303,777	\$ 226,600	\$ 18,890,986

**City of Key West, Florida
Combining Balance Sheet
Nonmajor Proprietary Funds
September 30, 2024**

	<u>Stormwater</u>	<u>Garrison Bight</u>	<u>Total Nonmajor Proprietary Funds</u>
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 3,549,363	\$ 5,715,901	\$ 9,265,264
Receivables (net of allowance for uncollectibles):			
Accounts	8,909	249,929	258,838
Intergovernmental	1,639,883	-	1,639,883
Inventories	15,368	-	15,368
Total current assets	<u>5,213,523</u>	<u>5,965,830</u>	<u>11,179,353</u>
Noncurrent assets:			
Capital Assets:			
Buildings and improvements	-	2,781,632	2,781,632
Infrastructure	41,589,502	12,619,261	54,208,763
Machinery, equipment and furniture	31,925	806,559	838,484
Accumulated depreciation	(25,468,305)	(8,514,376)	(33,982,681)
Construction in progress	1,263,053	305,443	1,568,496
Total noncurrent assets	<u>17,416,175</u>	<u>7,998,519</u>	<u>25,414,694</u>
Total assets	<u>22,629,698</u>	<u>13,964,349</u>	<u>36,594,047</u>
Deferred Outflows of Resources:			
Deferred outflows relating to pensions	49,329	328,608	377,937
Deferred outflows relating to other post employment benefits (OPEB)	1,978	5,000	6,978
Total deferred outflows of resources	<u>51,307</u>	<u>333,608</u>	<u>384,915</u>
Total assets and deferred outflows of resources	<u>\$ 22,681,005</u>	<u>\$ 14,297,957</u>	<u>\$ 36,978,962</u>

City of Key West, Florida
Combining Balance Sheet
Nonmajor Proprietary Funds
(continued)
September 30, 2024

	<u>Stormwater</u>	<u>Garrison Bight</u>	<u>Total Nonmajor Proprietary Funds</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 3,533	\$ 63,205	\$ 66,738
Accrued payroll and related expenses	511	3,202	3,713
Compensated absences	15,453	36,069	51,522
Total other post employment benefits (OPEB) liability	667	1,332	1,999
Accrued expenses	90,580	382	90,962
Interfund	2,860	37,460	40,320
Contracts payable	21,981	96,412	118,393
Unearned revenue	-	375,283	375,283
Total current liabilities	<u>135,585</u>	<u>613,345</u>	<u>748,930</u>
Noncurrent liabilities:			
Advances from other funds	1,154,792	-	1,154,792
Customer deposits	-	267,854	267,854
Net pension liability	27,360	182,256	209,616
Total other post employment benefits (OPEB) liability	32,673	65,284	97,957
Compensated absences	6,528	15,237	21,765
Total noncurrent liabilities	<u>1,221,353</u>	<u>530,631</u>	<u>1,751,984</u>
Total liabilities	<u>1,356,938</u>	<u>1,143,976</u>	<u>2,500,914</u>
Deferred Inflows of Resources:			
Deferred inflows relating to pensions	6,178	41,151	47,329
Deferred inflows relating to other post employment benefits (OPEB)	10,042	31,640	41,682
Total deferred inflows of resources	<u>16,220</u>	<u>72,791</u>	<u>89,011</u>
Net Position:			
Net investment in capital assets	17,394,194	7,902,107	25,296,301
Unrestricted	3,913,653	5,179,083	9,092,736
Total net position	<u>21,307,847</u>	<u>13,081,190</u>	<u>34,389,037</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 22,681,005</u>	<u>\$ 14,297,957</u>	<u>\$ 36,978,962</u>

City of Key West, Florida
Combining Statement of Revenues, Expenditures
and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended September 30, 2024

	<u>Stormwater</u>	<u>Garrison Bight</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 2,536,702	\$ 3,352,110	\$ 5,888,812
Total operating revenues	<u>2,536,702</u>	<u>3,352,110</u>	<u>5,888,812</u>
Operating Expenses:			
Personnel services	161,898	1,133,780	1,295,678
Other operating expenses	1,423,073	938,421	2,361,494
Depreciation	1,368,474	643,839	2,012,313
Total operating expenses	<u>2,953,445</u>	<u>2,716,040</u>	<u>5,669,485</u>
Operating income (loss)	<u>(416,743)</u>	<u>636,070</u>	<u>219,327</u>
Nonoperating Revenues (Expenses):			
Grant income (operating)	-	32,535	32,535
Investment earnings (loss)	236,300	282,021	518,321
Other income	-	225,832	225,832
Interest expense and other fiscal charges	(48,252)	-	(48,252)
Net nonoperating revenues (expenses)	<u>188,048</u>	<u>540,388</u>	<u>728,436</u>
Income (loss) before transfers	<u>(228,695)</u>	<u>1,176,458</u>	<u>947,763</u>
Transfers and Other:			
Capital contributions (grants)	264,514	-	264,514
Transfers out	(441,162)	(554,342)	(995,504)
Total transfers and other	<u>(176,648)</u>	<u>(554,342)</u>	<u>(730,990)</u>
Changes in net position	<u>(405,343)</u>	<u>622,116</u>	<u>216,773</u>
Net Position, Beginning of Year, as previously presented	-	-	-
Change within financial reporting entity (major to nonmajor)	21,713,190	12,459,074	34,172,264
Net Position, Beginning of Year, as adjusted	<u>21,713,190</u>	<u>12,459,074</u>	<u>34,172,264</u>
Net Position, End of Year	<u>\$ 21,307,847</u>	<u>\$ 13,081,190</u>	<u>\$ 34,389,037</u>

City of Key West, Florida
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended September 30, 2024

	<u>Stormwater</u>	<u>Garrison Bight</u>	<u>Total Nonmajor Proprietary Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 2,536,520	\$ 3,369,170	\$ 5,905,690
Cash paid to suppliers	(1,648,042)	(899,349)	(2,547,391)
Cash paid to employees	(159,979)	(1,113,123)	(1,273,102)
Other receipts	-	225,832	225,832
Net cash provided by operating activities	<u>728,499</u>	<u>1,582,530</u>	<u>2,311,029</u>
Cash Flows from Noncapital Financing Activities:			
Proceeds from grants (operating purposes)	-	32,535	32,535
Repayments made on advances from other funds	(292,274)	-	(292,274)
Interest paid on advances from other funds	(48,252)	-	(48,252)
Transfers (out)	(441,162)	(554,342)	(995,504)
Net cash used in noncapital financing activities	<u>(781,688)</u>	<u>(521,807)</u>	<u>(1,303,495)</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital contributions	8,116	-	8,116
Acquisition and construction of capital assets, net	(350,116)	(229,376)	(579,492)
Net cash used in capital and related financing activities	<u>(342,000)</u>	<u>(229,376)</u>	<u>(571,376)</u>
Cash Flows from Investing Activities:			
Investment earnings	236,300	282,021	518,321
Net cash provided by investing activities	<u>236,300</u>	<u>282,021</u>	<u>518,321</u>
Net increase (decrease) in cash, cash equivalents and investments	(158,889)	1,113,368	954,479
Cash, Cash Equivalents and Investments, October 1	<u>3,708,252</u>	<u>4,602,533</u>	<u>8,310,785</u>
Cash, Cash Equivalents and Investments, September 30	\$ <u><u>3,549,363</u></u>	\$ <u><u>5,715,901</u></u>	\$ <u><u>9,265,264</u></u>
Reconciliation to Statement of Net Position:			
Cash, cash equivalents and investments	\$ <u>3,549,363</u>	\$ <u>5,715,901</u>	\$ <u>9,265,264</u>
Cash, cash equivalents and investments	\$ <u><u>3,549,363</u></u>	\$ <u><u>5,715,901</u></u>	\$ <u><u>9,265,264</u></u>

City of Key West, Florida
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
(continued)
For the Year Ended September 30, 2024

	<u>Stormwater</u>	<u>Garrison Bight</u>	<u>Total Nonmajor Proprietary Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (416,743)	\$ 636,070	\$ 219,327
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Other nonoperating revenues	-	225,832	225,832
Depreciation	1,368,474	643,839	2,012,313
Decrease (increase) in assets:			
Accounts receivables, net	(182)	(23,441)	(23,623)
Inventories	1,835	-	1,835
Deferred outflows relating to pensions	(11,053)	(88,745)	(99,798)
Deferred outflows relating to other post employment benefits (OPEB)	(432)	(886)	(1,318)
Increase (decrease) in liabilities:			
Accounts payable	(74,803)	12,076	(62,727)
Accrued payroll and related expenses	(5,156)	(31,469)	(36,625)
Accrued expenses	(153,629)	382	(153,247)
Interfund payable, net	1,628	26,614	28,242
Unearned revenue	-	34,527	34,527
Customer deposits	-	5,974	5,974
Net pension liability	16,940	116,960	133,900
Other post employment benefits (OPEB) liability	4,868	29,593	34,461
Compensated absences	948	11,592	12,540
Deferred inflows relating to pensions	(2,422)	(12,746)	(15,168)
Deferred inflows relating to other post employment benefits (OPEB)	(1,774)	(3,642)	(5,416)
Total adjustments	<u>1,145,242</u>	<u>946,460</u>	<u>2,091,702</u>
Net cash provided by operating activities	\$ <u>728,499</u>	\$ <u>1,582,530</u>	\$ <u>2,311,029</u>
Schedule of non-cash capital and related financing activities:			
Increase in contracts payable	\$ <u>3,377</u>	\$ <u>75,758</u>	\$ <u>79,135</u>

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Law Enforcement Trust Fund - Special Revenue Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 5,448	\$ 5,448
Investment earnings	-	-	19,151	19,151
Total revenues	<u>-</u>	<u>-</u>	<u>24,599</u>	<u>24,599</u>
Expenditures:				
Operating	36,605	67,875	43,019	24,856
Aid to private organizations	5,000	5,000	1,000	4,000
Capital outlay	-	63,868	63,868	-
Total expenditures	<u>41,605</u>	<u>136,743</u>	<u>107,887</u>	<u>28,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(41,605)</u>	<u>(136,743)</u>	<u>(83,288)</u>	<u>53,455</u>
Other Financing Sources (Uses):				
Transfers out	<u>(17,432)</u>	<u>(17,432)</u>	<u>(17,432)</u>	<u>-</u>
Total other financing sources (uses)	<u>(17,432)</u>	<u>(17,432)</u>	<u>(17,432)</u>	<u>-</u>
Net change in fund balance	\$ <u><u>(59,037)</u></u>	\$ <u><u>(154,175)</u></u>	(100,720)	\$ <u><u>53,455</u></u>
Fund Balance, October 1			<u>395,593</u>	
Fund Balance, September 30			\$ <u><u>294,873</u></u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Fort Taylor Fund - Special Revenue Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 295,000	\$ 295,000	\$ 309,236	\$ 14,236
Investment earnings	10,000	10,000	98,524	88,524
Total revenues	305,000	305,000	407,760	102,760
Expenditures:				
Operating	1,834	32,634	57,287	(24,653)
Total expenditures	1,834	32,634	57,287	(24,653)
Excess of revenues over expenditures	303,166	272,366	350,473	78,107
Other Financing Sources (Uses):				
Transfers out	(12,650)	(12,650)	(12,650)	-
Total other financing sources (uses)	(12,650)	(12,650)	(12,650)	-
Net change in fund balance	\$ 290,516	\$ 259,716	337,823	\$ 78,107
Fund Balance, October 1			2,515,521	
Fund Balance, September 30			\$ 2,853,344	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Affordable Housing Escrow Fund - Special Revenue Fund
For the Year Ended September 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 372,000	\$ 372,000	\$ 409,127	\$ 37,127
Investment earnings	500	500	23,526	23,026
Contributions and other	-	-	125,000	125,000
Total revenues	<u>372,500</u>	<u>372,500</u>	<u>557,653</u>	<u>185,153</u>
Expenditures:				
Operating	75,390	75,390	333	75,057
Aid to private organizations	150,000	160,000	101,515	58,485
Total expenditures	<u>225,390</u>	<u>235,390</u>	<u>101,848</u>	<u>133,542</u>
Excess of revenues over expenditures	<u>147,110</u>	<u>137,110</u>	<u>455,805</u>	<u>318,695</u>
Other Financing Sources (Uses):				
Transfers in	-	250,000	250,000	-
Transfers out	(222,960)	(672,960)	(672,960)	-
Total other financing sources (uses)	<u>(222,960)</u>	<u>(422,960)</u>	<u>(422,960)</u>	<u>-</u>
Net change in fund balance	\$ <u>(75,850)</u>	\$ <u>(285,850)</u>	32,845	\$ <u>318,695</u>
Fund Balance, October 1			<u>374,327</u>	
Fund Balance, September 30			\$ <u>407,172</u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Bahama Village Fund - Special Revenue Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Tax Incremental	\$ 924,423	\$ 924,423	\$ 924,423	\$ -
Intergovernmental	-	-	500,000	500,000
Investment earnings	30,000	30,000	320,836	290,836
Fines and forfeitures	-	-	126	126
Total revenues	<u>954,423</u>	<u>954,423</u>	<u>1,745,385</u>	<u>790,962</u>
Expenditures:				
Personnel services	63,694	63,694	65,003	(1,309)
Operating	864,208	650,099	3,252	646,847
Capital outlay	330,000	849,428	7,490,960	(6,641,532)
Total expenditures	<u>1,257,902</u>	<u>1,563,221</u>	<u>7,559,215</u>	<u>(5,995,994)</u>
Deficiency of revenues under expenditures	<u>(303,479)</u>	<u>(608,798)</u>	<u>(5,813,830)</u>	<u>(5,205,032)</u>
Other Financing Sources (Uses):				
Transfers in	707,893	707,893	707,893	-
Transfers out	(324,968)	(324,968)	(324,968)	-
Total other financing sources (uses)	<u>382,925</u>	<u>382,925</u>	<u>382,925</u>	<u>-</u>
Net change in fund balance	\$ <u>79,446</u>	\$ <u>(225,873)</u>	(5,430,905)	\$ <u>(5,205,032)</u>
Fund Balance, October 1			<u>7,236,827</u>	
Fund Balance, September 30			\$ <u>1,805,922</u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Caroline Street Fund - Special Revenue Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Tax Incremental	\$ 813,166	\$ 813,166	\$ 813,166	\$ -
Investment earnings	20,000	20,000	206,296	186,296
Total revenues	<u>833,166</u>	<u>833,166</u>	<u>1,019,462</u>	<u>186,296</u>
Expenditures:				
Personnel services	63,694	63,694	65,003	(1,309)
Operating	170,983	206,466	38,794	167,672
Capital Outlay	1,000,000	1,000,000	11,660	988,340
Total expenditures	<u>1,234,677</u>	<u>1,270,160</u>	<u>115,457</u>	<u>1,154,703</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(401,511)</u>	<u>(436,994)</u>	<u>904,005</u>	<u>1,340,999</u>
Other Financing Sources (Uses):				
Transfers in	622,696	622,696	622,696	-
Transfers out	(310,384)	(310,384)	(310,384)	-
Total other financing sources (uses)	<u>312,312</u>	<u>312,312</u>	<u>312,312</u>	<u>-</u>
Net change in fund balance	\$ <u>(89,199)</u>	\$ <u>(124,682)</u>	1,216,317	\$ <u>1,340,999</u>
Fund Balance, October 1			<u>2,915,559</u>	
Fund Balance, September 30			\$ <u>4,131,876</u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Community Fund - Special Revenue Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 13,226	\$ 13,226
Contributions and other	-	-	600	600
Total revenues	<u>-</u>	<u>-</u>	<u>13,826</u>	<u>13,826</u>
Expenditures:				
Operating	<u>41,170</u>	<u>44,170</u>	<u>8,255</u>	<u>35,915</u>
Total expenditures	<u>41,170</u>	<u>44,170</u>	<u>8,255</u>	<u>35,915</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(41,170)</u>	<u>(44,170)</u>	<u>5,571</u>	<u>49,741</u>
Other Financing Sources (Uses):				
Transfers in	25,000	25,000	25,000	-
Transfers out	<u>(11,828)</u>	<u>(11,828)</u>	<u>(11,828)</u>	<u>-</u>
Total other financing sources (uses)	<u>13,172</u>	<u>13,172</u>	<u>13,172</u>	<u>-</u>
Net change in fund balance	\$ <u>(27,998)</u>	\$ <u>(30,998)</u>	18,743	\$ <u>49,741</u>
Fund Balance, October 1			<u>154,081</u>	
Fund Balance, September 30			\$ <u>172,824</u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Transportation Alternative Fund - Special Revenue Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 400,000	\$ 514,000	\$ 441,938	\$ (72,062)
Charges for services	705,250	705,250	679,769	(25,481)
Investment earnings	2,500	2,500	66,599	64,099
Total revenues	<u>1,107,750</u>	<u>1,221,750</u>	<u>1,188,306</u>	<u>(33,444)</u>
Expenditures:				
Personnel services	98,784	98,784	101,224	(2,440)
Operating	1,141,388	1,084,171	154,720	929,451
Capital outlay	45,000	285,368	725,580	(440,212)
Total expenditures	<u>1,285,172</u>	<u>1,468,323</u>	<u>981,524</u>	<u>486,799</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(177,422)</u>	<u>(246,573)</u>	<u>206,782</u>	<u>453,355</u>
Other Financing Sources (Uses):				
Transfers out	<u>(43,260)</u>	<u>(75,812)</u>	<u>(75,812)</u>	<u>-</u>
Total other financing sources (uses)	<u>(43,260)</u>	<u>(75,812)</u>	<u>(75,812)</u>	<u>-</u>
Net change in fund balance	<u>\$ (220,682)</u>	<u>\$ (322,385)</u>	130,970	<u>\$ 453,355</u>
Fund Balance, October 1			<u>1,284,178</u>	
Fund Balance, September 30			<u>\$ 1,415,148</u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Truman Waterfront Fund - Special Revenue Fund
For the Year Ended September 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 647,000	\$ 647,000	\$ 632,732	\$ (14,268)
Fines and forfeitures	2,130	2,130	3,556	1,426
Investment earnings	-	-	5,136	5,136
Contributions and other	31,000	31,000	24,525	(6,475)
Total revenues	<u>680,130</u>	<u>680,130</u>	<u>665,949</u>	<u>(14,181)</u>
Expenditures:				
Personnel services	480,189	480,189	446,783	33,406
Operating	394,683	392,979	429,206	(36,227)
Capital outlay	98,500	100,204	31,953	68,251
Total expenditures	<u>973,372</u>	<u>973,372</u>	<u>907,942</u>	<u>65,430</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(293,242)</u>	<u>(293,242)</u>	<u>(241,993)</u>	<u>51,249</u>
Other Financing Sources (Uses):				
Transfers in	414,448	414,448	414,448	-
Transfers out	(145,376)	(145,376)	(145,376)	-
Total other financing sources (uses)	<u>269,072</u>	<u>269,072</u>	<u>269,072</u>	<u>-</u>
Net change in fund balance	\$ <u>(24,170)</u>	\$ <u>(24,170)</u>	27,079	\$ <u>51,249</u>
Fund Balance, October 1			<u>18,841</u>	
Fund Balance, September 30			\$ <u>45,920</u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Adaptation & Sustainability Fund - Special Revenue Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 184,819	\$ 107,392	\$ (77,427)
Investment earnings	5,000	5,000	48,180	43,180
Total revenues	<u>5,000</u>	<u>189,819</u>	<u>155,572</u>	<u>(34,247)</u>
Expenditures:				
Personnel services	207,963	207,963	211,902	(3,939)
Operating	479,074	827,246	656,170	171,076
Total expenditures	<u>687,037</u>	<u>1,035,209</u>	<u>868,072</u>	<u>167,137</u>
Excess (deficiency) of revenues over expenditures	<u>(682,037)</u>	<u>(845,390)</u>	<u>(712,500)</u>	<u>132,890</u>
Other Financing Sources (Uses):				
Transfers in	492,455	492,455	492,455	-
Transfers out	(80,204)	(80,204)	(80,204)	-
Total other financing sources (uses)	<u>412,251</u>	<u>412,251</u>	<u>412,251</u>	<u>-</u>
Net change in fund balance	\$ <u>(269,786)</u>	\$ <u>(433,139)</u>	(300,249)	\$ <u>132,890</u>
Fund Balance, October 1			<u>943,947</u>	
Fund Balance, September 30			\$ <u>643,698</u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Community Development Office Fund - Special Revenue Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 506,521	\$ 506,521	\$ 593,042	\$ 86,521
Investment earnings	-	-	25,039	25,039
Total revenues	<u>506,521</u>	<u>506,521</u>	<u>618,081</u>	<u>111,560</u>
Expenditures:				
Personnel services	143,445	143,445	146,627	(3,182)
Operating	8,538	408,871	15,199	393,672
Aid to private organizations	491,326	491,326	577,847	(86,521)
Total expenditures	<u>643,309</u>	<u>1,043,642</u>	<u>739,673</u>	<u>303,969</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(136,788)</u>	<u>(537,121)</u>	<u>(121,592)</u>	<u>415,529</u>
Other Financing Sources (Uses):				
Transfers in	139,217	589,217	589,217	-
Transfers out	-	(326,907)	-	326,907
Total other financing sources (uses)	<u>139,217</u>	<u>262,310</u>	<u>589,217</u>	<u>326,907</u>
Net change in fund balance	\$ <u>2,429</u>	\$ <u>(274,811)</u>	467,625	\$ <u>742,436</u>
Fund Balance, October 1			<u>538,327</u>	
Fund Balance, September 30			\$ <u>1,005,952</u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Gas Tax Fund - Special Revenue Fund
For the Year Ended September 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,690,761	\$ 1,690,761	\$ 1,767,282	\$ 76,521
Intergovernmental	2,375,460	198,676	-	(198,676)
Investment earnings	10,000	10,000	293,420	283,420
Contributions and other	-	658,654	340,219	(318,435)
Total revenues	<u>4,076,221</u>	<u>2,558,091</u>	<u>2,400,921</u>	<u>(157,170)</u>
Expenditures:				
Personnel services	407,959	407,959	261,161	146,798
Operating	870,758	893,528	823,832	69,696
Capital outlay	5,481,784	6,536,801	5,200,033	1,336,768
Total expenditures	<u>6,760,501</u>	<u>7,838,288</u>	<u>6,285,026</u>	<u>1,553,262</u>
Excess (deficiency) of revenue over expenditures	<u>(2,684,280)</u>	<u>(5,280,197)</u>	<u>(3,884,105)</u>	<u>1,396,092</u>
Other Financing Sources (Uses):				
Transfers in	3,050,000	5,406,120	5,406,120	-
Transfers out	<u>(313,344)</u>	<u>(313,344)</u>	<u>(1,113,344)</u>	<u>(800,000)</u>
Total other financing sources (uses)	<u>2,736,656</u>	<u>5,092,776</u>	<u>4,292,776</u>	<u>(800,000)</u>
Net change in fund balance	<u>\$ 52,376</u>	<u>\$ (187,421)</u>	408,671	<u>\$ 596,092</u>
Fund Balance, October 1			<u>4,895,106</u>	
Fund Balance, September 30			<u>\$ 5,303,777</u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Infrastructure Surtax Fund - Capital Projects Fund
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 13,274,465	\$ 13,274,465	\$ 12,751,991	\$ (522,474)
Intergovernmental	2,041,830	2,041,830	2,399,644	357,814
Investment earnings	150,000	150,000	647,242	497,242
Contributions and other	-	-	32,584	32,584
Total revenues	<u>15,466,295</u>	<u>15,466,295</u>	<u>15,831,461</u>	<u>365,166</u>
Expenditures:				
Personnel services	350,335	350,335	333,793	16,542
Operating	19,095	46,475	95,624	(49,149)
Capital outlay	<u>11,642,939</u>	<u>14,669,843</u>	<u>12,942,451</u>	<u>1,727,392</u>
Total expenditures	<u>12,012,369</u>	<u>15,066,653</u>	<u>13,371,868</u>	<u>1,694,785</u>
Excess of revenues over expenditures	<u>3,453,926</u>	<u>399,642</u>	<u>2,459,593</u>	<u>2,059,951</u>
Other Financing Sources (Uses):				
Transfers in	-	418,073	418,073	-
Transfers out	<u>(4,535,865)</u>	<u>(4,843,757)</u>	<u>(4,843,757)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,535,865)</u>	<u>(4,425,684)</u>	<u>(4,425,684)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,081,939)</u>	<u>\$ (4,026,042)</u>	<u>(1,966,091)</u>	<u>\$ 2,059,951</u>
Fund Balance, October 1			<u>15,930,472</u>	
Fund Balance, September 30			<u>\$ 13,964,381</u>	

City of Key West, Florida
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Capital Projects Fund
For the Year Ended September 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 17,663	\$ 17,663
Total revenues	<u>-</u>	<u>-</u>	<u>17,663</u>	<u>17,663</u>
Expenditures:				
Personnel services	128,343	128,343	-	128,343
Operating	<u>101</u>	<u>101</u>	<u>4,760</u>	<u>(4,659)</u>
Total expenditures	<u>128,444</u>	<u>128,444</u>	<u>4,760</u>	<u>123,684</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(128,444)</u>	<u>(128,444)</u>	<u>12,903</u>	<u>141,347</u>
Other Financing Sources (Uses):				
Transfers in	16,120	16,120	16,120	-
Transfers out	<u>(17,454)</u>	<u>(217,454)</u>	<u>(217,454)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,334)</u>	<u>(201,334)</u>	<u>(201,334)</u>	<u>-</u>
Net change in fund balance	<u>\$ (129,778)</u>	<u>\$ (329,778)</u>	<u>(188,431)</u>	<u>\$ 141,347</u>
Fund Balance, October 1			<u>415,031</u>	
Fund Balance, September 30			<u>\$ 226,600</u>	

FIDUCIARY FUNDS OVERVIEW

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

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

City of Key West, Florida
Combining Statement of Net Position
Fiduciary Funds
September 30, 2024

	Pension Trust Funds		Total
	General Employees	Police Officers and Firefighters	
Assets:			
Cash and cash equivalents	\$ 1,516,519	\$ 7,191,091	\$ 8,707,610
Investments, at fair value:			
Equity securities	49,987,812	103,240,884	153,228,696
Corporate and foreign bonds and bond funds	5,930,580	13,003,699	18,934,279
Fixed income fund	-	6,991,950	6,991,950
Alternative investments	11,179,140	9,223,758	20,402,898
Mortgage Backed Securities	2,101,861	-	2,101,861
U.S. government securities	1,592,766	17,064,288	18,657,054
Collateralized mortgage obligations	4,987,538	-	4,987,538
Municipal obligations	535,815	-	535,815
Real estate	-	8,200,000	8,200,000
Receivables:			
Interest and dividends	77,148	276,576	353,724
Proceeds from securities sold	-	313,387	313,387
Other	-	259,913	259,913
Total assets	<u>77,909,179</u>	<u>165,765,546</u>	<u>243,674,725</u>
Liabilities:			
Accounts payable and accrued expenses	172,831	86,681	259,512
Payable for securities purchased	<u>13,347</u>	<u>225,604</u>	<u>238,951</u>
Total liabilities	<u>186,178</u>	<u>312,285</u>	<u>498,463</u>
Deferred inflows of resources:			
Advanced contribution from Employer	<u>-</u>	<u>436,628</u>	<u>436,628</u>
Net Position:			
Restricted for pension benefits	\$ <u><u>77,723,001</u></u>	\$ <u><u>165,016,633</u></u>	\$ <u><u>242,739,634</u></u>

City of Key West, Florida
Combining Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended September 30, 2024

	Pension Trust Funds		
	General Employees	Police Officers and Firefighters	Total
Additions:			
Contributions:			
Employer	\$ 1,354,504	\$ 5,378,751	\$ 6,733,255
Members	1,215,797	1,296,743	2,512,540
State police and fire	-	1,021,047	1,021,047
Total contributions	2,570,301	7,696,541	10,266,842
Investment earnings:			
Net appreciation in fair value of investments	12,350,517	28,013,091	40,363,608
Interest, dividends and other investment earnings	1,580,518	4,630,941	6,211,459
Total investment earnings	13,931,035	32,644,032	46,575,067
Less: Investment expenses	304,930	687,897	992,827
Net investment earnings	13,626,105	31,956,135	45,582,240
Total additions	16,196,406	39,652,676	55,849,082
Deductions:			
Benefits paid	4,180,043	8,670,633	12,850,676
Administrative expenses	304,284	188,624	492,908
Total deductions	4,484,327	8,859,257	13,343,584
Net increase in net position	11,712,079	30,793,419	42,505,498
Net Position, October 1	66,010,922	134,223,214	200,234,136
Net Position, September 30	\$ 77,723,001	\$ 165,016,633	\$ 242,739,634

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:	115-124
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:	125-128
These schedules contain information to help the reader assess the City's most significant local revenue source - property tax.	
Debt Capacity:	129-133
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:	134-136
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:	137-139
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.	

Sources of Data:

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

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

	Fiscal Year									
	2015	2016	2017 ¹	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	\$ 115,897	\$ 134,743	\$ 151,492	\$ 161,190	\$ 169,824	\$ 170,710	\$ 168,749	\$ 170,421	\$ 178,157	\$ 195,858
Restricted	31,633	22,445	19,429	18,698	16,441	19,041	26,329	30,954	37,970	35,166
Unrestricted	27,530	22,907	10,224	3,070	5,220	1,204	4,073	10,561	17,023	11,054
Total governmental activities net position	<u>\$ 175,060</u>	<u>\$ 180,095</u>	<u>\$ 181,145</u>	<u>\$ 182,958</u>	<u>\$ 191,485</u>	<u>\$ 190,955</u>	<u>\$ 199,151</u>	<u>\$ 211,936</u>	<u>\$ 233,150</u>	<u>\$ 242,078</u>
Business-type activities:										
Net investment in capital assets	\$ 123,627	\$ 129,522	\$ 129,029	\$ 129,933	\$ 131,233	\$ 133,910	\$ 135,385	\$ 135,300	\$ 133,184	\$ 133,976
Restricted	349	259	274	289	304	320	341	-	-	-
Unrestricted	40,073	41,043	42,994	45,782	49,407	49,803	53,005	58,760	65,293	73,596
Total business-type activities net position	<u>\$ 164,049</u>	<u>\$ 170,824</u>	<u>\$ 172,297</u>	<u>\$ 176,004</u>	<u>\$ 180,944</u>	<u>\$ 184,033</u>	<u>\$ 188,731</u>	<u>\$ 194,060</u>	<u>\$ 198,477</u>	<u>\$ 207,572</u>
Primary government:										
Net investment in capital assets	\$ 239,524	\$ 264,265	\$ 280,521	\$ 291,123	\$ 301,057	\$ 304,620	\$ 304,134	\$ 305,721	\$ 311,341	\$ 329,834
Restricted	31,982	22,704	19,703	18,987	16,745	19,361	26,670	30,954	37,970	35,166
Unrestricted	67,603	63,950	53,218	48,852	54,627	51,007	57,078	69,321	82,316	84,650
Total primary government net position	<u>\$ 339,109</u>	<u>\$ 350,919</u>	<u>\$ 353,442</u>	<u>\$ 358,962</u>	<u>\$ 372,429</u>	<u>\$ 374,988</u>	<u>\$ 387,882</u>	<u>\$ 405,996</u>	<u>\$ 431,627</u>	<u>\$ 449,650</u>

1 Fiscal year 2017, total net position has been restated due to the implementation of GASB 75.

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental activities:										
General government	\$ 17,011	\$ 18,008	\$ 19,479	\$ 21,829	\$ 19,426	\$ 18,904	\$ 17,698	\$ 18,577	\$ 22,123	\$ 23,926
Public safety	23,748	26,681	29,565	29,894	31,121	31,963	30,860	32,193	40,620	46,800
Transportation	2,765	2,748	3,486	5,762	6,852	6,284	5,801	5,640	5,144	6,081
Economic environment	1,503	861	1,063	1,517	2,228	2,521	2,446	5,744	2,683	1,955
Human services	506	474	459	459	510	634	717	796	4,849	1,395
Culture and recreation	2,689	2,702	3,827	4,276	4,785	4,514	4,165	4,378	978	6,065
Interest	19	15	11	7	4	12	3	5	6	-
Total governmental activities expenses	<u>48,241</u>	<u>51,489</u>	<u>57,890</u>	<u>63,744</u>	<u>64,926</u>	<u>64,832</u>	<u>61,690</u>	<u>67,333</u>	<u>76,403</u>	<u>86,222</u>
Business type activities:										
Sewer System	10,720	11,017	11,433	10,359	11,023	11,187	10,178	10,587	11,667	12,781
Solid Waste	7,578	8,938	8,074	8,464	8,021	8,136	8,331	8,411	9,058	9,948
Key West Bight	5,082	5,777	5,769	5,805	6,150	5,366	6,170	7,918	7,604	7,556
Stormwater	2,311	2,517	3,196	2,814	2,678	3,052	2,815	3,000	3,269	3,002
Garrison Bight	1,428	1,427	1,445	1,723	1,811	1,996	2,054	2,257	2,533	2,715
Transit System	2,893	3,130	3,737	4,048	4,183	3,889	4,473	4,570	5,997	6,668
Total business-type activities expenses	<u>30,012</u>	<u>32,806</u>	<u>33,654</u>	<u>33,213</u>	<u>33,866</u>	<u>33,626</u>	<u>34,021</u>	<u>36,743</u>	<u>40,128</u>	<u>42,670</u>
Total primary government expenses	<u>\$ 78,253</u>	<u>\$ 84,295</u>	<u>\$ 91,544</u>	<u>\$ 96,957</u>	<u>\$ 98,792</u>	<u>\$ 98,458</u>	<u>\$ 95,711</u>	<u>\$ 104,076</u>	<u>\$ 116,531</u>	<u>\$ 128,892</u>

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Program revenues:										
Governmental activities:										
Fee, fines and charges for services:										
General government	\$ 3,353	\$ 3,447	\$ 3,275	\$ 3,209	\$ 4,032	\$ 2,580	\$ 3,248	\$ 3,957	\$ 4,009	\$ 4,403
Public safety	5,100	4,100	4,407	4,342	5,690	3,796	3,931	5,449	7,252	8,833
Transportation	7,291	7,654	9,242	9,656	12,206	8,303	6,720	8,424	9,159	9,595
Economic environment	26	26	20	20	120	20	57	20	42	-
Culture and recreation	478	467	483	558	757	536	668	883	902	982
Operating grants and contributions	1,577	1,499	2,261	3,746	6,712	4,509	4,426	2,712	15,873	5,630
Capital grants and contributions	388	359	1,503	3,601	451	1,970	605	360	1,101	1,065
Total governmental activities program revenues	<u>18,213</u>	<u>17,552</u>	<u>21,191</u>	<u>25,132</u>	<u>29,968</u>	<u>21,714</u>	<u>19,655</u>	<u>21,805</u>	<u>38,338</u>	<u>30,508</u>
Business type activities:										
Charges for services:										
Sanitary Sewer System	11,933	11,968	11,522	11,381	11,248	11,407	11,853	12,312	12,823	14,243
Solid Waste	9,171	9,547	9,291	9,284	9,359	8,814	9,330	10,084	11,649	12,306
Key West Bight	8,896	9,021	9,621	9,709	11,394	9,027	12,090	15,229	14,762	14,292
Stormwater	2,063	2,084	2,197	2,353	2,403	2,481	2,382	2,390	2,457	2,537
Garrison Bight	1,960	1,978	2,059	1,954	2,293	2,322	2,998	3,207	3,330	3,352
Transit System	1,260	1,341	1,271	1,106	1,334	864	1,154	1,538	1,549	1,503
Operating grants and contributions	1,410	4,338	2,130	2,235	2,295	3,388	2,744	2,623	3,104	7,079
Capital grants and contributions	7,654	2,660	296	2,518	1,325	2,208	2,170	1,037	169	1,605
Total business type activities program revenues	<u>44,347</u>	<u>42,937</u>	<u>38,387</u>	<u>40,540</u>	<u>41,651</u>	<u>40,511</u>	<u>44,721</u>	<u>48,420</u>	<u>49,843</u>	<u>56,917</u>
Total primary government program revenues	<u>\$ 62,560</u>	<u>\$ 60,489</u>	<u>\$ 59,578</u>	<u>\$ 65,672</u>	<u>\$ 71,619</u>	<u>\$ 62,225</u>	<u>\$ 64,376</u>	<u>\$ 70,225</u>	<u>\$ 88,181</u>	<u>\$ 87,425</u>

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (expenses)/revenues:										
Governmental activities	\$ (30,028)	\$ (33,937)	\$ (36,699)	\$ (38,612)	\$ (34,958)	\$ (43,118)	\$ (42,035)	\$ (45,528)	\$ (38,065)	\$ (55,714)
Business type activities	14,335	10,131	4,733	7,327	7,785	6,885	10,700	11,677	9,715	14,247
Total primary government net expense	<u>\$ (15,693)</u>	<u>\$ (23,806)</u>	<u>\$ (31,966)</u>	<u>\$ (31,285)</u>	<u>\$ (27,173)</u>	<u>\$ (36,233)</u>	<u>\$ (31,335)</u>	<u>\$ (33,851)</u>	<u>\$ (28,350)</u>	<u>\$ (41,467)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 15,161	\$ 15,086	\$ 16,329	\$ 16,490	\$ 16,663	\$ 17,418	\$ 17,492	\$ 18,253	\$ 20,080	\$ 22,593
Sales taxes	12,631	12,971	13,286	12,725	14,064	12,242	17,483	20,169	19,274	19,102
Franchise and local business taxes	1,482	1,509	1,533	1,480	1,506	1,498	1,555	1,461	856	2,558
Communication taxes	1,462	1,377	1,280	1,294	1,264	1,235	1,209	1,230	1,519	1,306
Cigarette and motor fuel taxes	2,801	2,903	2,968	2,904	2,995	2,800	3,421	3,890	4,145	3,837
Investment earnings	568	478	264	217	792	383	69	309	2,405	3,548
Miscellaneous	2,720	633	722	986	928	1,265	1,991	5,472	1,453	1,650
Transfers	5,105	4,015	4,044	4,329	5,273	5,747	7,011	7,529	9,546	10,048
Total governmental activities	<u>41,930</u>	<u>38,972</u>	<u>40,426</u>	<u>40,425</u>	<u>43,485</u>	<u>42,588</u>	<u>50,231</u>	<u>58,313</u>	<u>59,278</u>	<u>64,642</u>
Business type activities:										
Investment earnings	380	382	264	349	1,320	653	106	396	2,756	3,486
Transfers	(5,105)	(4,015)	(4,044)	(4,329)	(5,273)	(5,747)	(7,011)	(7,529)	(9,546)	(10,048)
Miscellaneous	411	277	784	360	1,108	1,298	903	784	1,493	1,410
Total business-type activities	<u>(4,314)</u>	<u>(3,356)</u>	<u>(2,996)</u>	<u>(3,620)</u>	<u>(2,845)</u>	<u>(3,796)</u>	<u>(6,002)</u>	<u>(6,349)</u>	<u>(5,297)</u>	<u>(5,152)</u>
Total primary government	<u>\$ 37,616</u>	<u>\$ 35,616</u>	<u>\$ 37,430</u>	<u>\$ 36,805</u>	<u>\$ 40,640</u>	<u>\$ 38,792</u>	<u>\$ 44,229</u>	<u>\$ 51,964</u>	<u>\$ 53,981</u>	<u>\$ 59,490</u>

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Changes in net position:										
Governmental activities	\$ 11,902	\$ 5,035	\$ 3,727	\$ 1,813	\$ 8,527	\$ (530)	\$ 8,196	\$ 12,785	\$ 21,213	\$ 8,928
Business type activities	10,021	6,775	1,737	3,707	4,940	3,089	4,698	5,328	4,418	9,095
Total primary government	<u>\$ 21,923</u>	<u>\$ 11,810</u>	<u>\$ 5,464</u>	<u>\$ 5,520</u>	<u>\$ 13,467</u>	<u>\$ 2,559</u>	<u>\$ 12,894</u>	<u>\$ 18,113</u>	<u>\$ 25,631</u>	<u>\$ 18,023</u>

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

Fiscal Year	Property Taxes	Sales Taxes	Franchise and Local Business Taxes	Cigarette and Motor Fuel Taxes	Communication Taxes	Total
2015	\$ 15,161	\$ 12,631	\$ 1,482	\$ 2,801	\$ 1,462	\$ 33,537
2016	\$ 15,086	\$ 12,971	\$ 1,509	\$ 2,903	\$ 1,377	\$ 33,846
2017	\$ 16,329	\$ 13,286	\$ 1,533	\$ 2,968	\$ 1,280	\$ 35,396
2018	\$ 16,490	\$ 12,725	\$ 1,480	\$ 2,904	\$ 1,294	\$ 34,893
2019	\$ 16,663	\$ 14,064	\$ 1,506	\$ 2,995	\$ 1,264	\$ 36,492
2020	\$ 17,418	\$ 12,242	\$ 1,498	\$ 2,800	\$ 1,235	\$ 35,193
2021	\$ 17,492	\$ 17,483	\$ 1,555	\$ 3,421	\$ 1,209	\$ 41,160
2022	\$ 18,253	\$ 20,169	\$ 1,461	\$ 3,890	\$ 1,230	\$ 45,003
2023	\$ 20,080	\$ 19,274	\$ 856	\$ 4,145	\$ 1,519	\$ 45,874
2024	\$ 22,593	\$ 19,102	\$ 2,558	\$ 3,837	\$ 1,306	\$ 49,396

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
Nonspendable	\$ 1,702	\$ 1,597	\$ 1,520	\$ 1,445	\$ 1,391	\$ 1,050	\$ 937	\$ 850	\$ 763	\$ 473
Restricted	-	139	376	102	1,416	1,159	319	1,000	2,377	4,555
Committed	2,172	2,207	546	170	175	24	55	60	114	153
Assigned	1,653	1,189	437	728	429	416	454	1,679	437	5,301
Unassigned	14,842	13,904	10,174	3,471	8,514	6,720	10,578	12,098	20,890	15,893
Total General Fund	<u>\$ 20,369</u>	<u>\$ 19,036</u>	<u>\$ 13,053</u>	<u>\$ 5,916</u>	<u>\$ 11,925</u>	<u>\$ 9,369</u>	<u>\$ 12,343</u>	<u>\$ 15,687</u>	<u>\$ 24,581</u>	<u>\$ 26,375</u>
All other governmental funds:										
Nonspendable	\$ 172	\$ 186	\$ 164	\$ 591	\$ 1	\$ 186	\$ 9	\$ 1,885	\$ 1,835	\$ 1,005
Restricted	31,632	22,306	19,054	18,596	15,025	17,882	26,010	29,954	35,593	30,611
Committed	7,733	3,974	1,463	1,145	695	665	628	1,010	1,493	1,239
Unassigned	-	-	-	-	(115)	(34)	-	-	-	-
Total all other governmental funds	<u>\$ 39,537</u>	<u>\$ 26,466</u>	<u>\$ 20,681</u>	<u>\$ 20,332</u>	<u>\$ 15,606</u>	<u>\$ 18,699</u>	<u>\$ 26,647</u>	<u>\$ 32,849</u>	<u>\$ 38,921</u>	<u>\$ 32,855</u>

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Taxes	\$ 26,958	\$ 27,079	\$ 28,429	\$ 28,159	\$ 29,416	\$ 28,562	\$ 32,364	\$ 35,254	\$ 36,884	\$ 39,136
Licenses and permits	4,340	3,604	4,380	3,998	4,828	3,580	3,575	4,381	5,551	8,682
Intergovernmental	8,558	8,264	9,865	13,284	14,463	11,049	14,228	13,146	26,973	16,270
Charges for services	9,486	9,415	10,706	11,430	14,417	9,962	9,112	11,450	12,226	12,860
Fines and forfeitures	820	991	717	719	1,059	697	680	924	1,038	1,203
Investment earnings	568	478	265	217	793	383	69	309	2,405	3,548
Rental income	2,169	2,259	2,170	2,106	2,537	1,711	1,991	2,388	2,274	2,547
Contributions and other	2,242	242	307	740	626	2,683	1,533	1,054	719	856
Total revenues	55,141	52,332	56,839	60,653	68,139	58,627	63,552	68,906	88,070	85,102
Expenditures:										
General government	16,382	16,890	17,704	21,207	17,098	16,224	16,030	18,004	22,113	22,470
Public safety	22,917	25,188	27,399	28,163	29,318	29,742	30,321	32,133	35,674	39,376
Transportation	2,266	2,248	2,909	3,896	4,201	3,224	2,897	2,644	1,852	2,435
Economic environment	1,502	861	1,063	1,128	1,873	2,133	2,088	5,407	2,338	1,595
Culture and recreation	2,169	2,231	3,118	3,730	4,152	3,815	3,639	4,119	4,386	5,607
Human services	506	474	459	457	507	628	712	791	975	865
Capital outlay	13,525	23,111	21,104	14,185	14,956	8,159	7,473	7,726	15,692	27,677
Debt service:										
Principal	147	147	147	147	569	414	-	154	154	-
Interest	19	15	11	7	4	12	-	4	4	-
Total expenditures	59,433	71,165	73,914	72,920	72,678	64,351	63,160	70,982	83,188	100,025
Excess (deficiency) of revenues over expenditures	(4,292)	(18,833)	(17,075)	(12,267)	(4,539)	(5,724)	392	(2,076)	4,882	(14,923)
Other Financing Sources (Uses):										
Transfers in	10,931	9,938	10,913	11,899	14,409	14,837	13,829	15,944	19,304	23,383
Transfers out	(5,501)	(5,513)	(6,458)	(7,168)	(8,620)	(8,611)	(3,607)	(8,005)	(9,218)	(12,734)
Issuance of debt	-	-	840	-	-	-	308	3,683	-	-
Sale of general capital assets	28	4	12	50	33	35	-	-	-	-
Total other financing sources (uses)	5,458	4,429	5,307	4,781	5,822	6,261	10,530	11,622	10,086	10,649
Net changes in fund balances	\$ 1,166	\$ (14,404)	\$ (11,768)	\$ (7,486)	\$ 1,283	\$ 537	\$ 10,922	\$ 9,546	\$ 14,968	\$ (4,274)
Ratio of total debt service expenditures to total noncapital expenditures	0.36%	0.34%	0.30%	0.26%	0.99%	0.76%	0.00%	0.25%	0.23%	0.00%

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>Transportation</u>	<u>Economic Environment</u>	<u>Culture and Recreation</u>	<u>Other</u>	<u>Total</u>
2015	\$ 16,100,897	\$ 22,794,448	\$ 860,416	\$ 49,803	\$ 2,168,744	\$ 1,433,703	\$ 43,408,011
2016	\$ 16,630,840	\$ 25,102,343	\$ 983,115	\$ 55,736	\$ 2,231,442	\$ 955,734	\$ 45,959,210
2017	\$ 17,407,388	\$ 27,387,156	\$ 1,144,716	\$ 337,374	\$ 3,117,581	\$ 987,026	\$ 50,381,241
2018	\$ 20,726,174	\$ 28,135,377	\$ 1,393,122	\$ 187,590	\$ 3,527,067	\$ 1,348,365	\$ 55,317,695
2019	\$ 15,496,901	\$ 29,290,331	\$ 2,076,581	\$ 189,245	\$ 3,104,980	\$ 2,802,860	\$ 52,960,898
2020	\$ 15,584,311	\$ 29,724,926	\$ 1,366,294	\$ 118,464	\$ 3,035,474	\$ 1,429,157	\$ 51,258,626
2021	\$ 15,611,841	\$ 30,269,744	\$ 402,125	\$ 1,042,270	\$ 2,953,319	\$ 960,155	\$ 51,239,454
2022	\$ 17,586,665	\$ 32,100,124	\$ 365,286	\$ 3,876,554	\$ 3,257,351	\$ 1,406,139	\$ 58,592,119
2023	\$ 21,496,886	\$ 35,597,879	\$ 337,699	\$ 642,500	\$ 3,545,275	\$ 2,123,435	\$ 63,743,674
2024	\$ 22,045,105	\$ 39,304,561	\$ 327,084	\$ 444,596	\$ 3,990,738	\$ 2,075,877	\$ 68,187,961

(1) Expenditures include General Fund only.

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>
2015	\$ 16,430,227	\$ 4,228,371	\$ 7,151,115	\$ 9,029,919	\$ 784,890	\$ 4,549,890	\$ 42,174,412
2016	\$ 16,213,304	\$ 3,410,517	\$ 7,392,167	\$ 8,853,780	\$ 818,303	\$ 2,592,414	\$ 39,280,485
2017	\$ 17,320,046	\$ 4,379,978	\$ 7,466,965	\$ 8,824,283	\$ 717,104	\$ 2,385,399	\$ 41,093,775
2018	\$ 17,425,189	\$ 3,997,476	\$ 9,171,289	\$ 8,901,735	\$ 719,179	\$ 2,505,880	\$ 42,720,748
2019	\$ 17,620,536	\$ 4,827,548	\$ 13,302,229	\$ 11,653,525	\$ 1,058,840	\$ 3,181,313	\$ 51,643,991
2020	\$ 17,917,932	\$ 3,580,149	\$ 9,090,043	\$ 8,238,999	\$ 696,652	\$ 2,951,047	\$ 42,474,822
2021	\$ 17,813,272	\$ 3,575,220	\$ 11,691,250	\$ 7,826,389	\$ 679,723	\$ 2,267,052	\$ 43,852,906
2022	\$ 18,723,430	\$ 4,380,709	\$ 12,177,570	\$ 9,641,750	\$ 922,225	\$ 2,765,463	\$ 48,611,147
2023	\$ 20,820,143	\$ 5,550,857	\$ 20,697,625	\$ 10,564,455	\$ 1,036,676	\$ 3,568,584	\$ 62,238,340
2024	\$ 22,878,898	\$ 8,682,123	\$ 11,913,802	\$ 11,132,620	\$ 1,199,427	\$ 4,641,147	\$ 60,448,017

(1) Revenues include General Fund only.

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

Fiscal Year	Tax Levy	Collections Current Tax	Percent of Levy	Collections Delinquent Tax	Collections Total Tax	Percent of Levy
2015	\$ 15,690,912	\$ 14,358,235	91.5	\$ 42,056	\$ 14,400,291	91.8
2016	\$ 15,815,079	\$ 14,245,778	90.1	\$ 25,265	\$ 14,271,043	90.2
2017	\$ 15,963,489	\$ 15,429,362	96.7	\$ 28,557	\$ 15,457,919	96.8
2018	\$ 16,074,295	\$ 15,514,225	96.5	\$ 58,100	\$ 15,572,325	96.9
2019	\$ 16,149,217	\$ 15,619,883	96.7	\$ 35,320	\$ 15,655,203	96.9
2020	\$ 16,878,137	\$ 16,223,625	96.1	\$ 16,178	\$ 16,239,803	96.2
2021	\$ 16,946,151	\$ 16,318,810	96.3	\$ 3,933	\$ 16,322,743	96.3
2022	\$ 17,679,625	\$ 16,963,946	96.0	\$ 15,130	\$ 16,979,077	96.0
2023	\$ 19,426,512	\$ 18,674,515	96.1	\$ 6,498	\$ 18,681,013	96.2
2024	\$ 21,599,795	\$ 20,852,735	96.5	\$ 2,948	\$ 20,855,683	96.6

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

City of Key West, Florida

Table 9

Assessed and Estimated Value of Taxable Property

Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Exemptions Allowed for Real/Personal Property	Total Net Assessed Value	Total Direct Tax Rate	Total Net Estimated True Value	Ratio Net Assessed to True Value
2015	\$ 8,874,783	\$ 300,825	\$ 3,519,798	\$ 5,655,809	2.7743	\$ 5,655,809	1.0
2016	\$ 9,348,014	\$ 298,273	\$ 3,541,965	\$ 6,104,322	2.5908	\$ 6,104,322	1.0
2017	\$ 9,809,365	\$ 289,960	\$ 3,687,255	\$ 6,412,070	2.4896	\$ 6,412,070	1.0
2018	\$ 10,257,622	\$ 274,666	\$ 3,682,252	\$ 6,850,036	2.3466	\$ 6,850,036	1.0
2019	\$ 10,725,041	\$ 282,300	\$ 3,691,397	\$ 7,315,945	2.2074	\$ 7,315,945	1.0
2020	\$ 11,228,364	\$ 354,524	\$ 3,745,350	\$ 7,837,537	2.1535	\$ 7,837,537	1.0
2021	\$ 11,524,581	\$ 357,933	\$ 3,757,981	\$ 8,124,533	2.0858	\$ 8,124,533	1.0
2022	\$ 11,697,602	\$ 388,629	\$ 3,809,253	\$ 8,276,978	2.1360	\$ 8,276,978	1.0
2023	\$ 12,764,834	\$ 394,517	\$ 3,829,550	\$ 9,329,801	2.0822	\$ 9,329,801	1.0
2024	\$ 13,811,419	\$ 442,349	\$ 3,880,223	\$ 10,373,545	2.0822	\$ 10,373,545	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	
2015	2.7743	-	2.7743	3.1275	3.6260	0.1577	0.4824	0.2265	10.3944
2016	2.5908	-	2.5908	2.9753	3.5500	0.1459	0.5019	0.2092	9.9731
2017	2.4896	-	2.4896	2.8297	3.4840	0.1359	0.5831	0.1948	9.7171
2018	2.3466	-	2.3466	2.6957	3.3560	0.1275	0.4646	0.1825	9.1729
2019	2.2074	-	2.2074	2.6957	3.3580	0.1209	0.4555	0.1727	9.0102
2020	2.1535	-	2.1535	2.5881	3.3430	0.1152	0.4508	0.1643	8.8149
2021	2.0858	-	2.0858	2.5781	3.3520	0.1103	0.4508	0.1572	8.7342
2022	2.1360	-	2.1360	2.6149	3.2840	0.1061	0.4648	0.1511	8.7569
2023	2.0822	-	2.0822	2.5218	2.9620	0.0948	0.4565	0.1353	8.2526
2024	2.0822	-	2.0822	2.7191	2.8960	0.0948	0.4344	0.1353	8.3618

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

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

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

Source: Monroe County Tax Collector.

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

2024				2015			
Name of Taxpayer	Assessed Value	Rank	Percent of Total Assessed Valuation	Name of Taxpayer	Assessed Value	Rank	Percent of Total Assessed Valuation
Sunset City LLC	\$ 231,230,789	1	2.23	Sunset City LLC	\$ 88,140,909	1	1.56
Casa Marina Equity Holdings LLC	193,704,156	2	1.87	Casa Marina Owner LLC	79,953,408	2	1.41
Diamondrock Key West LLC	153,814,258	3	1.48	Galleon Condominium Assoc Inc	64,894,805	3	1.15
RLI DBT Key West Condos LLC	129,673,401	4	1.25	Ocean Walk Key West LLC	63,672,716	4	1.13
Tannex Development LC	117,738,212	5	1.13	Tannex Development LC.	56,507,700	5	1.00
Galleon Condominium Assoc	109,740,960	6	1.06	Windward Pointe II LLC	55,004,227	6	0.97
Reach Equity Holdings LLC	99,118,145	7	0.96	Ashford Pier House LP	51,838,551	7	0.92
Seaboard Associates LTD	94,519,175	8	0.91	City of Key West	50,863,421	8	0.90
HHLP Key West One Associates LLC	88,416,479	9	0.85	Seaboard Associates Limited Partnshp	46,223,993	9	0.82
Passco Ocean DST	85,808,794	10	0.83	SH5 LTD	43,702,145	10	0.77
Total	\$ 1,303,764,369		12.57	Total	\$ 600,801,875		10.63

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>Lease</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>
2015	\$ 584,403	\$ -	\$ 25,759,879	\$ 2,129,737	\$ 28,474,019	3.51%	25,704	\$ 1,108
2016	\$ 437,344	\$ -	\$ 22,674,650	\$ 1,830,587	\$ 24,942,581	2.85%	25,755	\$ 968
2017	\$ 290,285	\$ 840,295	\$ 19,501,439	\$ 1,521,577	\$ 22,153,596	2.53%	26,990	\$ 821
2018	\$ 143,226	\$ 840,295	\$ 16,239,778	\$ 1,202,377	\$ 18,425,676	2.03%	25,208	\$ 731
2019	\$ -	\$ 414,041	\$ 14,349,036	\$ 872,656	\$ 15,635,733	1.52%	24,565	\$ 637
2020	\$ -	\$ -	\$ 12,407,042	\$ 532,061	\$ 12,939,103	1.17%	24,868	\$ 520
2021	\$ -	\$ 308,365	\$ 10,417,240	\$ 180,235	\$ 10,905,840	0.86%	26,686	\$ 409
2022	\$ -	\$ 154,160	\$ 8,371,107	\$ -	\$ 8,525,267	0.61%	27,040	\$ 315
2023	\$ -	\$ -	\$ 6,780,607	\$ -	\$ 6,780,607	0.46%	26,078	\$ 260
2024	\$ -	\$ -	\$ 5,152,160	\$ -	\$ 5,152,160	0.34%	25,824	\$ 200

(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)
2015	25,704	\$ 5,655,809	-	-	-	-	-
2016	25,755	\$ 6,104,322	-	-	-	-	-
2017	26,990	\$ 6,412,070	-	-	-	-	-
2018	25,208	\$ 6,850,036	-	-	-	-	-
2019	24,565	\$ 7,315,945	-	-	-	-	-
2020	24,868	\$ 7,837,537	-	-	-	-	-
2021	26,686	\$ 8,124,533	-	-	-	-	-
2022	27,040	\$ 8,276,978	-	-	-	-	-
2023	26,078	\$ 9,329,801	-	-	-	-	-
2024	25,824	\$ 10,373,545	-	-	-	-	-

(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>
2015	-	-	-	\$ 43,408,011	-
2016	-	-	-	\$ 45,959,210	-
2017	-	-	-	\$ 50,381,241	-
2018	-	-	-	\$ 55,317,695	-
2019	-	-	-	\$ 52,960,898	-
2020	-	-	-	\$ 51,258,626	-
2021	-	-	-	\$ 51,239,454	-
2022	-	-	-	\$ 58,592,119	-
2023	-	-	-	\$ 63,743,674	-
2024	-	-	-	\$ 68,187,961	-

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

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

City of Key West, Florida
Table 15
Computation of Direct and Estimated Overlapping
Governmental Activities Debt
September 30, 2024

	<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)	\$ -	100.00%	\$ -
Estimated overlapping debt:			
Monroe County, District School Board (2)	<u>89,794,649</u>	24.81% (3)	<u>22,273,877</u>
Total ad valorem tax supported debt	<u>\$ 89,794,649</u>		<u>\$ 22,273,877</u>
Ratios:			
Overall debt to 2024 taxable valuation			<u>21.00%</u>
Overall debt per capita			<u>\$ 863</u>

- (1) City of Key West direct debt does not include revenue bonds.
- (2) Monroe County School Board debt is as of June 30, 2024, and does not include revenue bonds.
- (3) Overlapping debt percentage was determined by a ratio of the assessed value of property subject to taxation in the City of Key West to the total assessed value of property subject to taxation in the overlapping unit.

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

Fiscal Year	Gross Revenues (1)	Cost of Operations and Maintenance (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
2015	\$ 12,076	\$ 5,915	\$ 6,161	\$ 1,762	\$ 533	\$ 2,295	2.68
2016	\$ 11,993	\$ 5,958	\$ 6,035	\$ 1,801	\$ 488	\$ 2,289	2.64
2017	\$ 11,543	\$ 5,812	\$ 5,731	\$ 1,842	\$ 442	\$ 2,284	2.51
2018	\$ 11,371	\$ 5,949	\$ 5,422	\$ 1,891	\$ 396	\$ 2,287	2.37
2019	\$ 11,642	\$ 6,520	\$ 5,122	\$ 1,942	\$ 348	\$ 2,290	2.24
2020	\$ 11,578	\$ 6,844	\$ 4,734	\$ 1,990	\$ 298	\$ 2,288	2.07
2021	\$ 11,881	\$ 6,584	\$ 5,297	\$ 2,046	\$ 248	\$ 2,294	2.31
2022	\$ 12,338	\$ 7,122	\$ 5,216	\$ 1,591	\$ 201	\$ 1,791	2.91
2023	\$ 13,445	\$ 8,163	\$ 5,282	\$ 1,628	\$ 158	\$ 1,786	2.96
2024	\$ 13,716	\$ 9,157	\$ 4,559	\$ 1,628	\$ 114	\$ 1,742	2.62

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

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

Fiscal Year	Population (1)	Per Capita Income (1)	Total Personal Income (in thousands) (1)	Median Age (1)	Public School Enrollment (2)	Unemployment Rate (3)
2015	25,704	\$ 31,566	\$ 811,372	44	4,583	3.4%
2016	25,755	\$ 34,020	\$ 876,185	42	4,189	3.3%
2017	26,990	\$ 32,428	\$ 875,232	40	4,177	2.8%
2018	25,208	\$ 35,944	\$ 906,076	40	4,256	2.8%
2019	24,565	\$ 41,773	\$ 1,026,154	41	4,297	2.2%
2020	24,868	\$ 44,387	\$ 1,103,816	41	4,086	2.2%
2021	26,686	\$ 47,423	\$ 1,265,530	41	4,318	2.4%
2022	27,040	\$ 51,786	\$ 1,400,293	42	4,299	1.6%
2023	26,078	\$ 56,080	\$ 1,462,454	45	4,413	2.0%
2024	25,824	\$ 59,457	\$ 1,535,418	47	4,168	2.3%

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

(2) Source: Monroe County School Board.

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

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

2024		2015	
Employer	Employees	Employer	Employees
Public Sector:		Public Sector:	
US Armed Services	14,570	US Armed Services	2,664
Monroe County Schools	1,701	Monroe County Schools	1,054
Monroe County Government	612	Monroe County Sheriff's Office	550
Monroe County Sheriff's Office	540	Monroe County Government	530
City of Key West	520	City of Key West	495
Florida Keys Aqueduct Authority	313	Florida Keys Aqueduct Authority	258
Keys Energy Service	127	Florida Keys Community College	138
Florida Keys Electric Cooperative Assoc.	120	Keys Energy Service	128
College of the Florida keys	83	Florida Keys Electric Cooperative Assoc.	115
Private Sector:		Private Sector:	
Ocean Reef Club	1,241	Ocean Reef Club	997
Publix Stores	756	Publix	615
Ocean Properties	645	Ocean Properties/Westin	404
Lower Keys Medical Center, Key West	523	Lower Keys Medical Center	408
Spottswood Properties	415	Spottswood Properties	400
Casa Marina Resort / Reach Resort	359	Casa Marina Resort	280
Hawk's Cay Resort	362	Hawk's Cay Resort	387
Cheeca Lodge	275	Cheeca Lodge	275

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

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

Fiscal Year	Property Value (1)			Construction (2)	
	Real/ Personal Property Assessed Value	Exemptions Allowed for Real/ Personal Property	Total Net Assessed Value	Number of Permits	Value
2015	\$ 9,175,608	\$ 3,519,798	\$ 5,655,809	5,465	\$ 386,381
2016	\$ 9,646,287	\$ 3,541,965	\$ 6,104,322	6,429	\$ 815,196
2017	\$ 10,099,325	\$ 3,687,255	\$ 6,412,070	4,843	\$ 104,204
2018	\$ 10,532,288	\$ 3,682,252	\$ 6,850,036	3,854	\$ 112,065
2019	\$ 11,007,342	\$ 3,691,397	\$ 7,315,945	4,951	\$ 139,079
2020	\$ 11,582,888	\$ 3,745,350	\$ 7,837,537	3,800	\$ 80,134
2021	\$ 11,882,514	\$ 3,757,981	\$ 8,124,533	4,029	\$ 81,092
2022	\$ 12,086,231	\$ 3,809,253	\$ 8,276,978	3,718	\$ 109,864
2023	\$ 13,159,351	\$ 3,829,550	\$ 9,329,801	3,499	\$ 167,174
2024	\$ 14,253,768	\$ 3,880,223	\$ 10,373,545	3,222	\$ 186,821

(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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government:										
Building permits issued	5,465	6,429	4,843	3,854	4,951	3,800	4,029	3,718	3,499	3,222
Building inspections performed	11,642	11,018	8,910	8,837	9,147	5,537	9,537	8,245	4,358	8,511
Business Tax	10,642	9,799	8,604	9,139	9,188	9,666	8,827	9,345	9,644	9,500
Fire:										
Emergency responses	4,818 *	7,194 **	5,877	6,902	7,145	6,029	6,857	5,751	7,017	7,054
Inspections	2,100	2,077	1,700	2,560	3,722	2,298	2,268	2,318	2,928	2,755
Police:										
Physical arrests	2,100	1,753	1,264	1,486	1,722	1,423	1,564	1,647	1,622	1,591
Parking violations	33,261	32,199	31,382	23,940	26,055	16,276	18,422	22,801	27,939	34,950
Traffic violations	3,092	2,529	2,257	3,115	2,865	2,952	1,362	3,063	4,170	4,049
Cemetery:										
Burials	102	117	109	118	91	82	111	136	120	126
Sewer:										
Average daily flow (millions of gallons per day)	4	4	4	4	4	4	4.4	4.8	4.6	4.8
Solid Waste:										
Refuse annually tons	40,563	41,056	41,045	42,766	40,560	40,726	44,375	40,841	40,278	44,585
Recycle annual in tons	5,381	5,371	5,223	5,565	5,477	4,747	4,905	4,823	4,751	4,710
Marinas:										
Key West Bight:										
Diesel gallons pumped	168,924	219,435	206,963	217,097	298,895	217,351	258,439	204,947	178,754	181,906
Gas gallons pumped	150,826	177,291	142,394	189,860	215,375	189,900	233,694	197,600	210,344	180,114
Transient customers	1,394	1,617	1,730	1,021	1,189	798	1,445	1,175	1,137	1,447
Ferry terminal:										
Boat landings	389	482	358	372	362	279	371	373	352	375
Passenger disembarkments	192,073	184,662	186,817	169,728	189,596	125,245	161,197	190,428	136,129	146,361
Diesel gallons pumped	333,545	383,926	347,119	357,052	322,785	253,707	320,577	401,873	372,442	355,746
Garrison Bight:										
Transient customers	674	581	691	296	958	180	414	269	465	485
Mooring field monthly permits	377	515	623	270	917	238	145	190	375	435
Ramp usage	5,178	4,703	3,927	4,931	4,332	4,363	4,122	3770	4,018	3,740
Transportation:										
Cruise ship passengers	745,864	696,224	745,781	865,939	913,323	500,320	-	127,899	483,617	532,570
Sidewalks repaired/replaced	10,000	5,000	6,221	52,380	36,530	89,985	20,583	92,502	95,000	95,000

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

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

City of Key West, Florida
Table 21
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fire:										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Engines	6	6	7	8	8	8	8	8	7	7
Aerial	1	1	1	1	1	1	1	1	1	1
Heavy duty rescue	-	-	-	1	1	1	1	1	1	1
Light duty rescue	1	1	1	6	6	6	6	6	4	4
Ambulances	4*	4	5	5	6	6	6	6	6	6
Fire boat	-	-	-	1	1	1	1	1	1	1
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	118	118	118	119	114	114	114	114	116	118
Parking enforcement units	6	6	6	6	6	7	7	7	7	9
Police boat	-	-	-	1	1	1	1	1	3	3
Parks and Recreation:										
Acreage	69.25	69.25	69.25	105.25+	105.25	105.25	105.25	105.25	105.25	105.25
Playgrounds	3	3	3	3	3	3	3	5	5	5
Baseball/softball diamonds	7	7	7	7	7	7	7	7	7	7
Soccer/football fields	4	4	4	4	4	4	4	2	2	2
Basketball courts	5	5	5	5	5	5	5	5	5	5
Pools	1	1	1	1	1	1	1	1	1	1
Splash	-	-	1	2	2	2	2	2	2	2
Sewer:										
Length of system	60	60	60	60	60	60	60	60	60	60
Plant daily capacity (millions of gallons per day)	10	10	10	10	10	10	10	10	10	10
Stormwater:										
Length of system	12	12	12	12	12	12	12	12	12	12
Key West Bight:										
Slips:										
Transient slips	92	92	92	92	95	95	102	102	102	102
Commercial slips	42	42	42	42	42	42	42	42	42	42
Other slips	15	15	15	15	12	12	12	12	12	12
Fuel capacity (gallons):										
Gasoline	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Diesel	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Leasable retail space:										
(square feet)	96,434	101,108	101,108	105,348	108,098	111,632	112,335	111,384	111,384	111,384
Ferry Terminal:										
Commercial slips	4	4	4	4	4	4	4	4	4	4
Diesel capacity (gallons)	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Garrison Bight:										
Transient slips available	42	51	51	51	51	51	56	74	74	74
Live aboard/pleasure	167	158	158	146	146	146	146	128	128	128
Commercial/charter	37	37	37	37	37	37	37	37	37	37
Mooring field	149	149	149	149	149	149	149	149	149	149
Transportation:										
Number of buses	17	18	15	21	21	20	24	24	24	25
Cruise ports	3	3	3	3	3	3	3	3	3	2
Ferry terminals	1	1	1	1	1	1	1	1	1	1

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

+ Reflects Addition of the Truman Waterfront Park

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
City Commission	7	8	8	8	8	8	8	8	8	8
City Management	7	7	6	6	6	6	6	7	8	7
Management services and other	91	93	96	94	90	93	85	94	94	93
Recreation	32	32	33	37	38	38	35	32	32	32
Fire	88	72	72	72	72	72	70	71	77	78
Public Works	49	49	53	52	52	52	47	52	52	52
Police protection	126	126	126	129	131	131	122	127	131	130
Building	21	23	24	27	27	28	23	25	27	24
Emergency Medical Services	16	17	17	17	17	17	17	17	20	21
Roads and Sidewalks	5	5	5	5	5	5	5	5	5	5
Sewer	4	2	2	2	2	2	2	3	3	3
Stormwater	1	1	1	1	1	1	1	1	1	1
Solid waste	7	4	4	4	4	4	4	6	6	6
Recreation marinas	28	30	30	32	30	33	32	36	36	35
Transportation	29	29	30	39	37	41	37	40	40	41
Total	<u>511</u>	<u>498</u>	<u>507</u>	<u>525</u>	<u>520</u>	<u>531</u>	<u>494</u>	<u>524</u>	<u>540</u>	<u>536</u>

City of Key West, Florida

Compliance Section
For The Year Ended September 30, 2024

City of Key West, Florida

Compliance Section
For The Year Ended September 30, 2024

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 22, 2025.

Our report includes a reference to other auditors who audited the financial statements of The Housing Authority of the City of Key West, Florida, and the Pension Trust Fund for Police Officers and Firefighters, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNL). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.



Report on Compliance and Other Matters

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

Purpose of this Report

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

Fort Lauderdale, Florida
May 22, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Key West, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on the City's major federal program and state projects for the year ended September 30, 2024. The City's major federal program and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program and state projects for the fiscal year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program and State Project

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

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

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The City's basic financial statements include the operations of The Housing Authority of the City of Key West, Florida, a discretely presented component unit of the City, which expended federal awards which are not included in the City's schedule of expenditures of federal awards and state financial assistance during the year ended September 30, 2024. Our audit, described in the Opinion on Each Major Federal Program and State Project section, did not include the operations of The Housing Authority of the City of Key West, Florida because a single audit was performed separately by other auditors.

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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Report on Internal Control over Compliance (Continued)

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 22, 2025, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financials statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financials statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Fort Lauderdale, Florida
May 22, 2025

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

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

Report on the Financial Statements

We have audited the financial statements of the governmental activities, business-type activities, each major fund, aggregate remaining fund information and the aggregate discretely presented component unit of the City of Key West, Florida (the "City"), as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated May 22, 2025. We did not audit the financial statements of the Pension Trust Fund for Police Officers and Firefighters (collectively, the "Plans"), which represent 54 percent, 56 percent, and 45 percent, respectively, of the assets, net position/fund balance, and revenues/additions of the aggregate remaining fund information as of September 30, 2024. Also, we did not audit the financial statements of The Housing Authority of City of Key West, Florida, which is the sole discretely presented component unit, as of and for the year ended December 31, 2023. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Pension Trust Fund for Police Officers and Firefighters and The Housing Authority of the City of Key West, Florida, are based solely on the reports of the other auditors. Our report does not address their respective internal control or compliance.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated May 22, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

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Financial Condition and Management

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

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. This report does not include any matters that were reported on by other auditors as identified above. In connection with our audit, we did not have any such recommendations.

Special District Component Units

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

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554 (1)(i)6, *Rules of the Auditor General*, the City reported the specific information in Exhibit 1 accompanying this report. The information for compliance with Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Property Assessed Clean Energy (PACE) Programs

As required by Section 10.554(1)(i)6.a., *Rules of the Auditor General*, the City is required to include a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, operated within the City's geographical boundaries during the fiscal year under audit. A PACE program was operated within the City's geographical boundaries during the fiscal year under audit.

As required by Section 10.554(1)(i)6.b., *Rules of the Auditor General*, if a PACE program was operating within the geographical areas of the City, a list of all program administrators and third-party administrators that administered the program are to be provided in this letter. A list of program and third-party administrators can be found here:

- <https://www.monroecounty-fl.gov/1051/PACE-Program>

As required by Section 10.554(1)(i)6.c., *Rules of the Auditor General*, if a PACE program was operating within the geographical areas of the City, the full names and contact information of each such program administrator and third-party administrator are to be provided in the letter. The full names and contact information for such program and third-party administrators can be found here:

- <https://www.monroecounty-fl.gov/1051/PACE-Program>



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Additional Matters

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

Purpose of this Letter

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

Fort Lauderdale, Florida
May 22, 2025

City of Key West, Florida

Exhibit 1

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

Data Element	Naval Properties Local Redevelopment Authority	Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Number of district employees compensated at 9/30/2024	None	1
Number of independent contractors compensated at September 2024	None	None
Employee compensation for FYE 9/30/2024 (paid/accrued)	\$ -	\$ 130,006
Independent contractor compensation for FYE 9/30/2024 (paid/accrued)	\$ -	\$ -
Each construction project to begin on or after October 1, 2023; (>\$65K):		
The Caroline Street Paving Project	\$ -	\$ 3,244,941
Douglass Community Center	\$ -	\$ 9,126,639
Willie Ward Park Renovations	\$ -	\$ 250,000
Olivia Street Drainage Improvements	\$ -	\$ 50,000
Budget variance report (Annual Comprehensive Financial Report Pages)	N/A	96-97

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

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

We have examined the City of Key West, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, (the "specified requirements"), for the year ended September 30, 2024. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

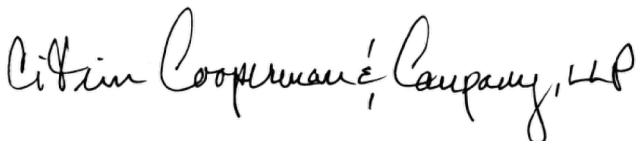
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with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

We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to the examination engagement.

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

In our opinion, the City complied, in all material respects, with the specified requirements, for the year ended September 30, 2024.

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



Fort Lauderdale, Florida
May 22, 2025

**City of Key West, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended September 30, 2024**

Federal or State Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	CSFA Number	Pass- through Entity Identifying Number	Expenditures	Provided to Subrecipients
Federal Awards:					
<u>U.S. Department of Defense:</u>					
Direct Program					
Community Economic Adjustment	12.003	N/A		\$ 57,444.0	\$ -
<u>U.S. Department of Housing and Urban Development:</u>					
Pass-through Florida Commerce					
Community Development Block Grants	14.228	N/A	22CV-S14	1,826,216	-
Community Development Block Grants	14.228	N/A	MT011	175,079	-
			14.228 Total	<u>2,001,295</u>	<u>-</u>
Direct Program					
Housing Opportunities for Persons with AIDS	14.241	N/A		593,042	577,847
Total U.S. Department of Housing and Urban Development				<u>2,594,337</u>	<u>577,847</u>
<u>U.S. Department of Interior Fish and Wildlife Service:</u>					
Pass-through State of Florida Department of Environmental Protection					
Clean Vessel Act	15.616	N/A	MV472	32,535	-
<u>U.S. Department of Justice:</u>					
Direct Program					
Bulletproof Vest Partnership Program	16.607	N/A		5,056	-
Bulletproof Vest Partnership Program	16.607	N/A		3,584	-
			16.607 Total	<u>8,640</u>	<u>-</u>
<u>U.S. Department of Transportation:</u>					
Pass-through State of Florida Department of Transportation					
Highway Planning and Construction	20.205	N/A	G2722	441,938	-
Pass-through State of Florida Department of Transportation					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	N/A	G2D45	62,257	-
Pass-through State of Florida Department of Transportation					
Federal Transit Cluster:					
Buses and Bus Facilities Formula Program	20.526	N/A	G2T51	15,852	-
Pass-through State of Florida Department of Transportation					
Formula Grants for Rural Areas and Tribal Transit Program	20.509	N/A	G2P96	944,074	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	N/A	G2S90	225,996	-
			20.509 Total	<u>1,170,070</u>	<u>-</u>
Total U.S. Department of Transportation				<u>1,690,117</u>	<u>-</u>

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

**City of Key West, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance (continued)
For the Year Ended September 30, 2024**

Federal or State Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	CSFA Number	Grant/ Contract Number	Expenditures	Transfers to Subrecipients
Federal Awards (continued):					
<u>U.S. Department of Treasury:</u>					
Direct Program					
Equitable Sharing Program	21.016	N/A		\$ 102,828	\$ -
Pass-through State of Florida Department of Transportation					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		4,021,541	-
Total U.S. Department of Treasury				<u>4,124,369</u>	<u>-</u>
<u>Executive Office of the President:</u>					
Pass-through South Florida High Intensity Drug Trafficking Area					
High Intensity Drug Trafficking Areas Program	95.001	N/A	FC-FLS-1651	42,274	-
<u>U.S. Department of Homeland Security:</u>					
Pass-through State of Florida Division of Emergency Management					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	Z2987	1,559	-
Hazard Mitigation Grant	97.039	N/A	H0300	97,032	-
Hazard Mitigation Grant	97.039	N/A	H0461	159,367	-
Hazard Mitigation Grant	97.039	N/A	H0505	17,063	-
Hazard Mitigation Grant	97.039	N/A	H0559	236,027	-
Hazard Mitigation Grant	97.039	N/A	H0705	8,115	-
Hazard Mitigation Grant	97.039	N/A	H0866	90,329	-
97.039 Total				<u>607,933</u>	<u>-</u>
Direct Program					
Port Security Grant Program	97.056	N/A		177,734	-
Total U.S. Department of Homeland Security				<u>787,226</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ 9,336,942</u>	<u>\$ 577,847</u>

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

**City of Key West, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance (continued)
For the Year Ended September 30, 2024**

Federal or State Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	CSFA Number	Grant/ Contract Number	Expenditures	Transfers to Subrecipients
State Financial Assistance:					
<u>Department of Environmental Protection:</u>					
Beach Management Funding Assistance	N/A	37.003	22MO2	\$ 7,813.0	\$ -
Statewide Surface Water Restoration and Wastewater Projects	N/A	37.039	KG001	805,266	-
Resilient Florida	N/A	37.098	22PLN64	282,700	-
Total Department of Environmental Protection				<u>1,095,779</u>	<u>-</u>
<u>Department of Commerce:</u>					
Economic Development Projects	N/A	40.040	S0230	<u>500,000</u>	-
<u>Department of Transportation:</u>					
Highway Beautification	N/A	55.003	G2H15	<u>100,000</u>	-
Commuter Assistance Program/Ride Share Grants	N/A	55.007	G2N25	287,983	-
Commuter Assistance Program/Ride Share Grants	N/A	55.007	G2C07	366,229	-
			55.007 Total	<u>654,212</u>	<u>-</u>
Public Transit Block Grant Program	N/A	55.010	G2N24	<u>290,832</u>	-
Public Transit Service Development Program	N/A	55.012	G2M70	<u>217,666</u>	-
Transit Corridor Development Program	N/A	55.013	G2P02	<u>449,999</u>	-
Seaport Investment Program	N/A	55.034	G1767	<u>29,945</u>	-
Local Transportation Projects	N/A	55.039	G2T53	15,000	-
Total Department of Transportation				<u>1,757,654</u>	<u>-</u>
Total Expenditures of State Financial Assistance				<u>\$ 3,353,433</u>	<u>\$ -</u>

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

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the “Schedule”) includes the federal and state award activity of the City of Key West, Florida (the “City”) for the year ended September 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and Chapter 10.550, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

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

**City of Key West, Florida
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2024**

SECTION I - SUMMARY AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified Opinion*

Internal control over financial reporting:

Material weakness(es) identified? yes X no
 Significant deficiency(ies) identified? yes X none reported
 Noncompliance material to financial statements noted? yes X no

Federal Programs and State Projects

Internal control over major federal programs and state projects:

Material weakness(es) identified? yes X no
 Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major federal programs and state projects? *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.550, *Rules of the Florida Auditor General*? yes X no

Identification of major federal program and state projects:

<u>ALN No.</u>	<u>Federal Program</u>
14.228	U.S. Department of Housing and Urban Development - Community Development Block Grants
21.027	COVID 19 - Coronavirus State and Local Fiscal Recovery Funds

<u>CSFA No.</u>	<u>State Project</u>
37.039	Department of Environmental Protection - Statewide Surface Water Restoration and Wastewater Projects
40.040	Department of Commerce - Economic Development Projects
55.007	Department of Transportation - Commuter Assistance Program/Ride Share Grants

Dollar threshold used to distinguish between Type A and Type B programs/projects: \$ 750,000 Federal programs
 \$ 750,000 State projects

Auditee qualified as low-risk auditee? X yes no

**City of Key West, Florida
Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended September 30, 2024**

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

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

None reported.

SECTION IV - PRIOR YEAR AUDIT FINDINGS

None reported.