

MONROE COUNTY HOUSING AUTHORITY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION AND REPORTS
YEAR ENDED DECEMBER 31, 2021



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**MONROE COUNTY HOUSING AUTHORITY
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	10
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION	12
STATEMENT OF CASH FLOWS	13
NOTES TO FINANCIAL STATEMENTS	15
SUPPLEMENTARY INFORMATION	
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – STATEMENT OF NET POSITION	33
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION	35
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – OTHER BUSINESS ACTIVITIES – STATEMENT OF NET POSITION	38
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – OTHER BUSINESS ACTIVITIES – STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION	39
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	41
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	42
SUPPLEMENTARY REPORTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	43
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	45
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	48



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Monroe County Housing Authority
Key West, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activity and discretely presented component unit of the Monroe County Housing Authority (the Authority), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Authority, as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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.

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 Authority'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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 GAAS, 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 Authority's basic financial statements. The accompanying supplementary financial data schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 GAAS. In our opinion, the supplementary financial data schedules and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2022, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Lakeland, Florida
September 16, 2022

**MONROE COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

As management of Monroe County Housing Authority (the Authority), we offer the readers of the Authority's business-type activities financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements. While the Housing Authority's financial statements include a discretely presented component unit of the Housing Authority, the following overview focuses on the Primary Government and does not address all the effects the component unit has on the Housing Authority's operations. For additional information on the financial activities of the discretely presented component unit, the readers should refer to the component units' separately issued financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Monroe County Housing Authority, 1400 Kennedy Drive, Key West, Florida 33040.

Financial Highlights – Primary Government

- The assets of the Authority exceeded its liabilities as of December 31, 2021 by \$16,280,051 (Net Position).
- The Authority's total operating revenue was \$7,561,384 which consisted of net tenant revenue of \$4,128,168, United States Department Housing and Urban Development (HUD) grants in the amount of \$3,154,459, other operating grants of \$2,519, and other revenue of \$276,238.

Overview of Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in business-type activities. The following statements are included:

- **Statement of Net Position** – reports the Authority's assets and liabilities at the end of the fiscal year and provides information about the nature and amounts of investment of resources and obligations to creditors.
- **Statement of Revenue, Expenses, and Changes in Net Position** – reports the results of activity over the course of the year. It details the costs associated with operating the Authority and how those costs were funded. It also provides an explanation of the change in net position from the previous year-end to the current fiscal year-end.
- **Statement of Cash Flows** – reports the Authority's cash flows in and out from operating activities, capital and related financing activities and investing activities. It details the sources of the Authority's cash, what it was used for, and the change in cash over the course of the fiscal year.
- The financial statements also include notes that provide required disclosures and other information necessary to gather the full meaning of the material presented in the statements.

The attached analysis of net position, revenue, and expenses is detailed and provides a comprehensive portrayal of financial conditions and related trends. The analysis includes all assets and liabilities using the accrual basis of accounting. Our analysis of the Authority as a whole begins on the next page.

**MONROE COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Overview of Financial Statements (Continued)

Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenue when earned and expenses when incurred regardless of when cash is received or paid.

Our analysis presents the Authority's net position, which can be thought of as the difference between what the Authority owns (assets) to what the Authority owes (liabilities). The net position analysis will allow the reader to measure the health or financial position of the Authority.

Over time, significant changes in the Authority's net position are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority, the reader must also consider other nonfinancial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets.

In 2008, Monroe County Housing Authority made the HUD-mandated transition to Project Based Asset Management. This transition involved two significant changes:

- (1) Public Housing is now managed similarly to privately-owned housing development, including the payment of management and bookkeeping fees to the Housing Authority to pay overhead expenses.
- (2) The establishment of a Central Office Cost Center, which is the recipient of the aforementioned management and bookkeeping fees, to be the management center of the Housing Authority.

As of December 31, 2021, the primary government's total assets were \$24,544,880; total current assets were \$10,675,894 including restricted assets of \$6,722,096 of which \$104,591 restricted for tenant security deposits and \$6,617,505 is restricted for other reserve requirements. Net capital assets were \$13,866,890.

In addition, total liabilities of the primary government were \$8,264,829; current liabilities were \$2,113,828; liabilities payable from restricted assets were \$104,591; and total long-term (noncurrent) liabilities were \$6,046,410 at December 31, 2021.

Net Position – the difference between an organization's assets and its liabilities equals its net position. There are three categories in which to classify net position and they are the following:

Net Investment in Capital Assets – capital assets, net of accumulated depreciation and reduced by debt attributable to the acquisition of those assets;

Restricted – net position for which use is subject to constraints imposed by law or an agreement.

Unrestricted – net position that is not invested in capital assets or subject to restrictions.

**MONROE COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Condensed Financial Information – Primary Government

Assets, Liabilities, and Net Position

	December 31,			
	2021	2020	\$ Change	% Change
	Total Authority	Total Authority	Total Authority	Total Authority
ASSETS				
Current Assets - Unrestricted	\$ 3,953,894	\$ 3,810,285	\$ 143,609	3.77%
Restricted Assets - Current	6,722,096	8,279,306	(1,557,210)	-18.81%
Net Capital Assets	13,866,890	10,832,381	3,034,509	28.01%
Other Assets	2,000	2,000	-	100.00%
Total Assets	<u>\$24,544,880</u>	<u>\$ 22,923,972</u>	<u>\$ 1,620,908</u>	7.07%
LIABILITIES				
Current Liabilities	\$ 2,113,828	\$ 1,743,454	\$ 370,374	21.24%
Current Liabilities Payable from Restricted Assets	104,591	101,688	2,903	2.85%
Noncurrent Liabilities	<u>6,046,410</u>	<u>6,141,828</u>	<u>(95,418)</u>	-1.55%
Total Liabilities	8,264,829	7,986,970	277,859	3.48%
NET POSITION				
Net Investment in Capital Assets	7,762,271	4,837,122	2,925,149	60.47%
Restricted	6,617,505	8,177,618	(1,560,113)	-19.08%
Unrestricted	<u>1,900,275</u>	<u>1,922,262</u>	<u>(21,987)</u>	-1.14%
Total Net Position	<u>16,280,051</u>	<u>14,937,002</u>	<u>1,343,049</u>	8.99%
Total Liabilities and Net Position	<u>\$24,544,880</u>	<u>\$ 22,923,972</u>	<u>\$ 1,620,908</u>	7.07%

Current assets increased by \$143,609 from the prior year. This increase was caused by the increase in cash used for operations.

Current restricted assets decreased by \$1,557,210. This decrease was caused by a \$1,786,361 decrease in cash restricted for repairs.

Net capital assets increased by \$3,034,509 due to additions of \$3,656,924, which was mostly additions to construction in progress of \$3,613,726. These additions were offset current year depreciation of \$622,416.

Current liabilities and current liabilities payable from restricted assets increased by \$373,277. Noncurrent liabilities decreased by \$95,418 primarily due to repayments of long-term debt.

There was an increase in net position of \$1,343,049. This change consisted of: (a) net investment in capital assets increased by \$2,925,149 primarily due to increases to construction in progress offset by depreciation expense. In addition, repayment of debt increased the net investment in capital assets. (b) the restricted net position decreased by \$1,560,113, due to a decrease in the cash held by MHA for projects, and (c) unrestricted portions of net position decreased by \$21,987.

**MONROE COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Condensed Financial Information – Primary Government (Continued)

Revenue, Expenses, and Changes in Net Position – Primary Government

	December 31,			
	2020	2020	\$ Change	% Change
	Total	Total		Total
	Authority	Authority	Total Authority	Authority
OPERATING REVENUE				
Net Tenant Rental Revenue	\$ 4,128,168	\$ 4,152,733	\$ (24,565)	-0.59%
Operating Grants and Subsidies - HUD	3,154,459	3,100,937	53,522	1.73%
Other Operating Grants	2,519	5,840	(3,321)	-56.87%
Other Revenue	276,238	1,014,527	(738,289)	-72.77%
Total Operating Revenue	7,561,384	8,274,037	(712,653)	-8.61%
OPERATING EXPENSES				
Administrative	781,546	839,063	(57,517)	-6.85%
Tenant Services	102,267	91,824	10,443	11.37%
Utilities	98,429	98,333	96	0.10%
Ordinary Maintenance and Operations	830,623	736,647	93,976	12.76%
Insurance	420,790	357,155	63,635	17.82%
General Expenses	462,684	453,437	9,247	2.04%
Housing Assistance Payments	2,702,182	2,778,745	(76,563)	-2.76%
Extraordinary Maintenance	52,422	-	52,422	100.00%
Depreciation Expense	622,416	564,551	57,865	10.25%
Total Operating Expenses	6,073,359	5,919,755	153,604	2.59%
OPERATING INCOME	1,488,025	2,354,282	(866,257)	-36.79%
NONOPERATING REVENUE (EXPENSE)				
Investment Income - Unrestricted	2,923	40,454	(37,531)	-92.77%
Investment Income - Restricted	11,298	33,036	(21,738)	-65.80%
Purchase of Minority Equity Interest	(100,000)	(270,000)	170,000	-62.96%
Gain or Loss on Sale of Capital Assets	1,875	-	1,875	100.00%
Interest Expense	(61,072)	(62,350)	1,278	-2.05%
Total Nonoperating Revenue (Expenses)	(144,976)	(258,860)	113,884	-43.99%
CHANGE IN NET POSITION	1,343,049	2,095,422	(752,373)	-35.91%
Net Position - Beginning of Year	14,937,002	12,841,580	2,095,422	16.32%
NET POSITION - END OF YEAR	<u>\$16,280,051</u>	<u>\$14,937,002</u>	<u>\$ 1,343,049</u>	8.99%

**MONROE COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

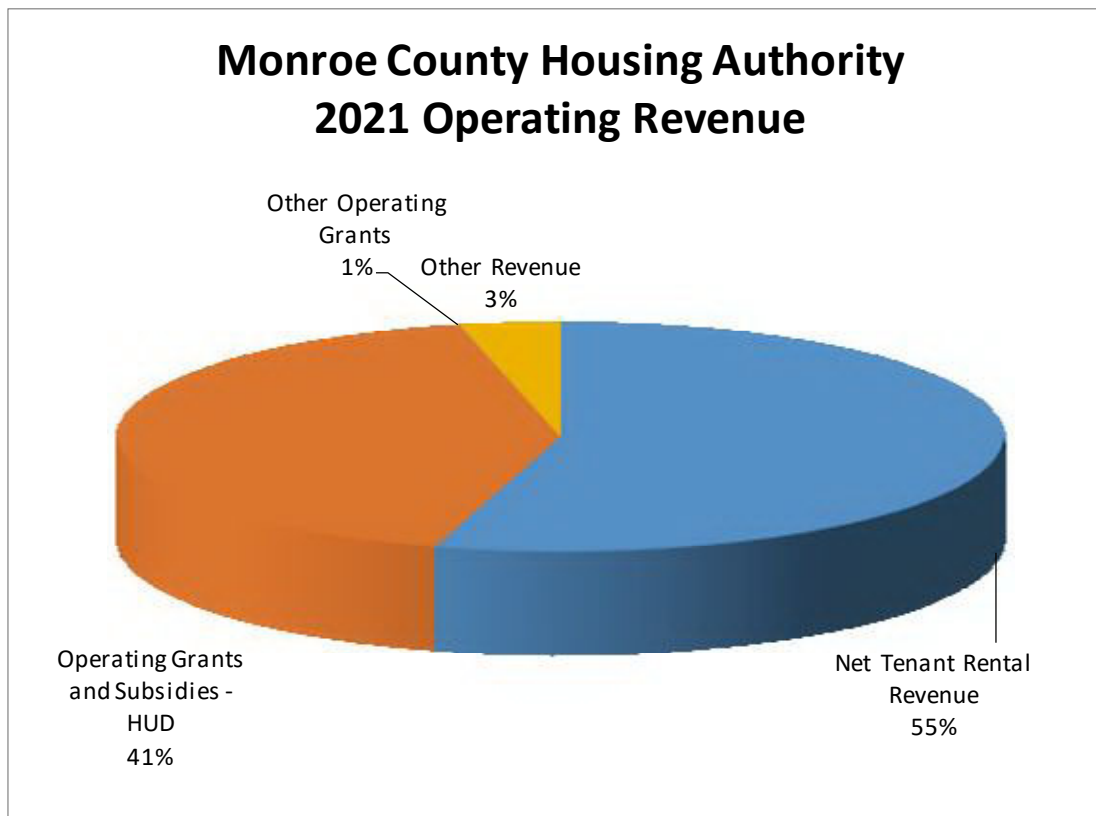
Condensed Financial Information – Primary Government (Continued)

Revenue, Expenses, and Changes in Net Position - Primary Government (Continued)

For the year ended December 31, 2021, overall operating revenue decreased by \$712,653. This decrease was caused by a decrease in Other Revenue of \$738,289 (due to the one-time receipt of insurance proceeds for the blended component unit in 2020). This decrease was offset by an increase in \$53,522 in HUD Operating Grants, due to the use of CARES Act Funds.

The total operating expenses increased by \$153,604. This is primarily due to an increase in maintenance, insurance, and depreciation expenses of \$267,898. This increase was offset by decreases in administrative expenses and housing assistance payments of \$134,080.

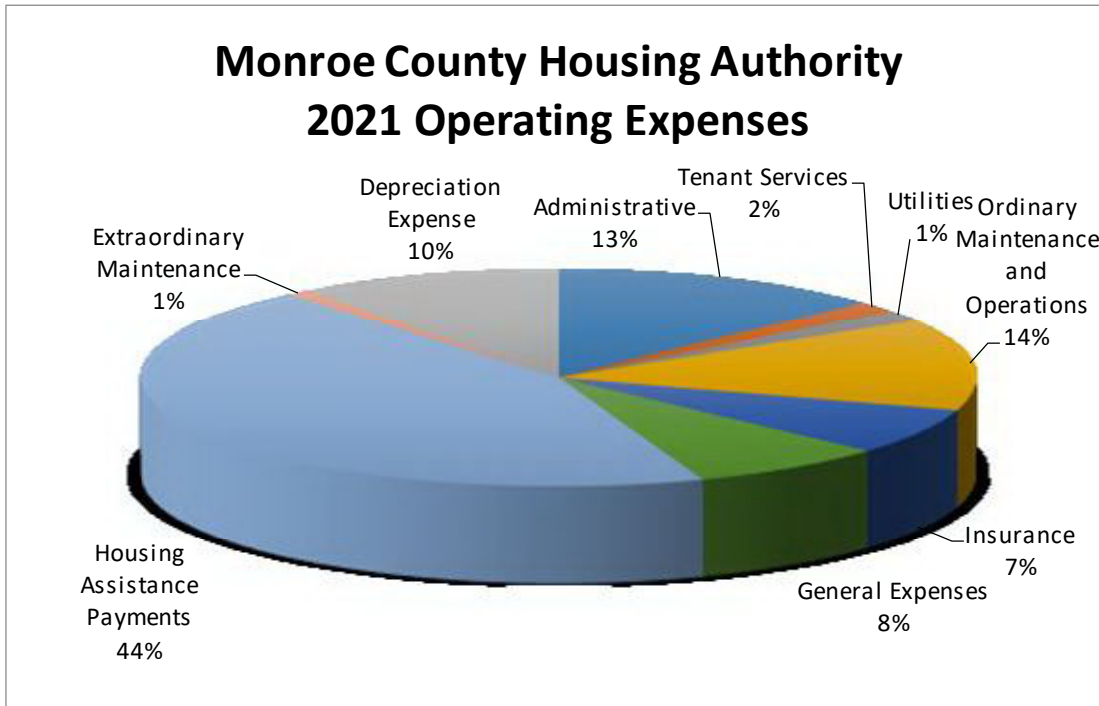
For the year ended December 31, 2021, total operating revenue was \$7,561,384, while total operating expenses were \$6,073,359. This resulted in a \$1,488,025 operating income. Total nonoperating revenues were \$16,096 and total nonoperating expenses were \$161,072.



**MONROE COUNTY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2021**

Condensed Financial Information – Primary Government (Continued)

Revenue, Expenses, and Changes in Net Position for the Primary Government (Continued)



Program/Activity Accounting

Many of the programs and activities maintained by the Authority are required by the U.S. Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Authority's programs/activities include:

- Public and Indian Housing (CFDA 14.850).
- Section 8 Housing Choice Vouchers (CFDA 14.871).
- Public Housing Capital Fund (CFDA 14.872).
- Home Investments Partnerships Program (CFDA 14.239).
- Other Business Activities.
- Monroe County Housing Corporation (Discretely Presented Component Unit).
- Marathon Housing Associates, Ltd. (Blended Component Unit).

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding from the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, reversionary, and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies, and other costs.
- Hurricane related damages and hurricane impact upon the rental market.

MONROE COUNTY HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Primary Government</u>	<u>Component Unit Monroe County Housing Corporation, Inc.</u>
ASSETS		
CURRENT ASSETS		
Cash - Unrestricted	\$ 3,402,554	\$ 378,075
Cash - Restricted for Tenant Security Deposits	104,591	-
Cash - Restricted (Other)	6,617,505	-
Accounts Receivables, Net	66,954	3,603
Prepaid Items	484,386	549
Total Current Assets	<u>10,675,990</u>	<u>382,227</u>
NONCURRENT ASSETS		
Capital Assets:		
Capital Assets Not Being Depreciated	3,007,662	318,122
Capital Assets Being Depreciated, Net	<u>10,859,228</u>	<u>-</u>
Net Capital Assets	13,866,890	318,122
Other Assets:		
Other Assets	2,000	-
Investment in Joint Venture	<u>-</u>	<u>382,318</u>
Total Other Assets	<u>2,000</u>	<u>382,318</u>
Total Noncurrent Assets	<u>13,868,890</u>	<u>700,440</u>
Total Assets	<u><u>\$ 24,544,880</u></u>	<u><u>\$ 1,082,667</u></u>

See accompanying Notes to Financial Statements.

MONROE COUNTY HOUSING AUTHORITY
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2021

	<u>Primary Government</u>	<u>Component Unit Monroe County Housing Corporation, Inc.</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ -	\$ 275
Line of Credit	498,500	-
Accrued Liabilities	12,353	-
Accrued Compensated Absences, Current Portion	1,931	-
Accounts Payable - HUD PHA Programs	2,519	-
Accounts Payable - Other Government	1,312,779	-
Current Portion of Long-Term Debt (Operating)	19,106	-
Current Portion of Long-Term Debt (Capital Project)	62,459	-
Unearned Revenue	7,954	-
Other Current Liabilities	196,227	-
Total Current Liabilities	<u>2,113,828</u>	<u>275</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Tenant Security Deposits	104,591	-
NONCURRENT LIABILITIES		
Long-Term Debt, Net of Current Portion (Capital Projects)	5,845,933	-
Long-Term Debt, Net of Current Portion (Operating)	183,092	-
Accrued Compensated Absences, Net of Current Portion	17,385	-
Total Noncurrent Liabilities	<u>6,046,410</u>	<u>-</u>
Total Liabilities	8,264,829	275
NET POSITION		
Net Investment in Capital Assets	7,762,271	318,122
Restricted	6,617,505	-
Unrestricted	1,900,275	764,270
Total Net Position	<u>16,280,051</u>	<u>1,082,392</u>
Total Liabilities and Net Position	<u>\$ 24,544,880</u>	<u>\$ 1,082,667</u>

See accompanying Notes to Financial Statements.

MONROE COUNTY HOUSING AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021

	Primary Government	Component Unit Monroe County Housing Corporation, Inc.
OPERATING REVENUES		
Net Tenant Revenue	\$ 4,128,168	\$ -
Operating Grants and Subsidies - HUD	3,154,459	-
Other Government Grants	2,519	-
Other Revenue	276,238	40,522
Total Operating Revenues	<u>7,561,384</u>	<u>40,522</u>
OPERATING EXPENSES		
Administrative	781,546	2,842
Tenant Services	102,267	-
Utilities	98,429	-
Maintenance and Operations	830,623	-
Insurance	420,790	3,293
General Expenses	462,684	13,070
Housing Assistance Payments	2,702,182	-
Extraordinary Maintenance	52,422	-
Depreciation Expense	622,416	-
Total Operating Expenses	<u>6,073,359</u>	<u>19,205</u>
INCOME FROM OPERATIONS	1,488,025	21,317
NONOPERATING REVENUES (EXPENSES)		
Investment in Joint Venture Income	-	64,055
Purchase of Minority Equity Interest	(100,000)	-
Investment Income - Unrestricted	2,923	486
Investment Income - Restricted	11,298	-
Interest Expense	(61,072)	-
Gain on Sale of Capital Assets	1,875	-
Total Nonoperating Revenues (Expenses)	<u>(144,976)</u>	<u>64,541</u>
CHANGE IN NET POSITION	1,343,049	85,858
Net Position - Beginning of Year	<u>14,937,002</u>	<u>996,534</u>
NET POSITION - END OF YEAR	<u>\$ 16,280,051</u>	<u>\$ 1,082,392</u>

See accompanying Notes to Financial Statements.

MONROE COUNTY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

	Primary Government	Component Unit Monroe County Housing Corporation, Inc.
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts:		
Dwelling Rent Receipts	\$ 4,240,032	\$ -
HUD Operating Subsidy and Grant Receipts	3,102,240	-
Other Governmental Subsidy and Grant Receipts	2,623	-
Other Income Receipts	276,238	40,351
Total Receipts	<u>7,621,133</u>	<u>40,351</u>
Disbursements:		
Payments to and Benefits for Employees	1,106,340	-
Payments to Suppliers	1,338,962	19,064
Payments to Landlords	2,702,182	-
Total Disbursements	<u>5,147,484</u>	<u>19,064</u>
Net Cash Provided by Operating Activities	2,473,649	21,287
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayment of Debt Principal	(79,570)	-
Interest Paid on Capital Debt	(61,072)	-
Proceeds from sale of Capital Assets	1,875	-
Purchase of Capital Assets	(3,656,925)	-
Net Cash Used by Capital and Related Financing Activities	<u>(3,795,692)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of Operating Debt	(25,668)	-
Net Cash Used by Noncapital Financing Activities	<u>(25,668)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	14,221	486
Purchases of Additional Member Units	(100,000)	-
Net Cash Provided (Used) by Investing Activities	<u>(85,779)</u>	<u>486</u>
NET INCREASE (DECREASES) IN CASH	(1,433,490)	21,773
Cash - Beginning of Year	<u>11,558,140</u>	<u>356,302</u>
CASH - END OF YEAR	<u><u>\$ 10,124,650</u></u>	<u><u>\$ 378,075</u></u>
REPORTED AS		
Cash - Unrestricted	\$ 3,402,554	\$ 378,075
Cash - Restricted for Tenant Security Deposits	104,591	-
Cash - Restricted (Other)	6,617,505	-
Total Cash - End of Year	<u><u>\$ 10,124,650</u></u>	<u><u>\$ 378,075</u></u>

See accompanying Notes to Financial Statements.

**MONROE COUNTY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	<u>Primary Government</u>	<u>Component Unit Monroe County Housing Corporation, Inc.</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (Loss) from Operations	\$ 1,488,025	\$ 21,317
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	622,416	-
(Increase) Decrease in Assets:		
Accounts Receivable - Tenants	2,053	-
Accounts Receivable - Other Government	104	(171)
Prepaid Expenses and Other Current Assets	(22,040)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	-	141
Accounts Payable - Other Government	378,467	-
Accrued Wages/Payroll Taxes Payable	(24,765)	-
Accrued Compensated Absences	13,164	-
Unearned Revenue	(48,539)	-
Other Current Liabilities	61,862	-
Tenant Security Deposits	2,902	-
Net Cash Provided by Operating Activities	<u>\$ 2,473,649</u>	<u>\$ 21,287</u>

See accompanying Notes to Financial Statements.

MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Monroe County Housing Authority (the Authority) is a public body corporate and politic organized under Chapter 421 of the Florida State Statutes to provide low-rent housing for qualified individuals in accordance with laws, rules, and regulations prescribed by the United States Department of Housing and Urban Development (HUD). The primary purpose of the Authority is to provide decent, safe, sanitary, and affordable housing to low-income, elderly, and disabled families within Monroe County, Florida.

Where HUD subsidizes housing, total rent is determined by the Authority within guidelines established by HUD. The tenants' portion of the rent and the housing assistance provided by HUD are also determined using HUD's guidelines.

The rent to be charged to tenants residing in the Authority's affordable housing complexes is established by management. All of the affordable housing complexes were acquired with funding provided by other entities. Each of these entities placed certain restrictions on the rental of the units. These restrictions involve specifying percentages of the units available that can only be rented to individuals that meet certain low-income criteria.

Reporting Entity

The Government Accounting Standards Board (GASB) has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under these criteria, the Authority is considered to be a *primary government*, it is a special-purpose government that has a separate governing body, and it is legally separate and is fiscally independent of other state or local governments.

The Authority is a related organization of the state of Florida since the members of its Board of Commissioners are appointed by the governor. The state of Florida is not financially accountable for the Authority as it cannot impose its will on the Authority and there is no potential for the Authority to provide financial benefit to or impose financial burdens on the state of Florida. Accordingly, the Authority is not a component unit of the state of Florida.

In determining how to define the reporting entity, management has considered all potential component units. The determination to include a component unit in the reporting entity was made by applying criteria established by the GASB. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable.

**MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Based on the application of these criteria, the Authority has two component units which are described below:

Marathon Housing Associates, LTD.

Marathon Housing Associates, LTD. (MHA) is a limited partnership duly formed in the state of Florida, for the purpose of operating a rental housing project under Section 8 of the U.S. Housing Act of 1937, as amended by the Housing and Community Development Act of 1974. The project consists of 130 units located on Marathon Island, Florida. The Authority and MCHC are the managing general partner and fiscal general partner, respectively. The general partners constitute the governing board of the partnership and have complete control over the operations of the partnership. However, the limited partners can remove the general partners from those roles.

During fiscal year 2019, the Authority obtained a majority ownership in the partnership, therefore MHA is now considered a blended component unit of the Authority.

Monroe County Housing Corporation, Inc.

Monroe County Housing Corporation, Inc. (MCHC) is a corporation nonprofit organized under Chapter 617 of the Florida Statutes. MCHC was established by the Authority as an agency or instrumentality of the Authority. MCHC was formed to promote, advance, and engage in the development and/or operation of housing projects and related facilities for persons of low income in the area of operation of the Authority. All such activities are subject to approval of and use by the Authority. MCHC is fiscally dependent on the Authority and is, therefore, considered to be a discretely presented component unit of the Authority.

Complete financial statements can be obtained from MCHC's administrative office located at 1400 Kennedy Drive, Key West, Florida, 33040.

Related Organizations

The Authority is related to the following organizations:

The Housing Authority of the City of Key West, Florida

The Authority has contracts with The Housing Authority of the City of Key West, Florida (KWH) whereby KWH provides management services and has managerial control of the Authority's assets and operations. KWH maintains all of the accounting records for the Authority and has been granted the authority to execute all transactions, including the check signing authority. However, all of these actions are taken at the direction of the Board of Commissioners of the Authority. Therefore, KWH is considered to be a related organization.

Expenses incurred on behalf of the Authority are paid directly to the vendors using the Authority's funds. Administrative expenses and other costs that are allocable to the Authority are reimbursed to KWH and reflected in the accompanying financial statements as expenses by natural classification.

**MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Organizations (Continued)

The Housing Authority of the City of Key West, Florida (Continued)

KWHA is not considered to be a component unit of the Authority because it has an independent governing board; the Authority is not financially accountable for their activities as it cannot impose its will on KWHA and there is no potential for KWHA to provide financial benefit to or impose financial burdens on the Authority.

Basis of Presentation and Accounting

In accordance with uniform financial reporting standards for HUD programs, the financial statements of the Authority are prepared in accordance with accounting principles generally accepted in the United States of America.

Based on compelling reasons offered by HUD, the Authority reports its operations under the governmental proprietary fund type (enterprise fund), which uses the accrual basis of accounting. The enterprise fund emphasizes the flow of economic resources measurement focus. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Revenues are recorded when they are earned, and expenses are recorded at the time liabilities are incurred.

The enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board of Commissioners has decided that the determination of revenues earned, costs incurred, and or net income necessary for management accountability is appropriate. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the public on a continuing basis be financed or recovered primarily through user charges.

Program/Activity Accounting

The accounting records are established in a manner which enables the Authority to ensure observance of limitations and restrictions placed on the use of resources available to it. The accounting records are also maintained in a manner that provides the Authority the ability to monitor the financial results associated with certain other activities or otherwise provide for management accountability.

Separate identifiable accounts are maintained within the accounting records for each program/activity. However, all of the programs/activities are part of a single enterprise fund for financial reporting purposes.

The programs/activities included in the accompanying financial statements include all programs/activities of the Authority that relate to providing housing assistance to lower-income families and all other programs, functions and activities over which the Board has oversight responsibility and financial accountability.

**MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program/Activity Accounting (Continued)

These programs/activities are as follows:

Public and Indian Housing (ALN 14.850)

Public and Indian Housing provides accountability for the operations of housing complexes owned by the Authority that are subsidized by HUD under Annual Contributions Contract.

Public Housing Capital Fund (ALN 14.872)

The Capital Fund Program accounts for the activities of the Authority's capital improvement program. The Authority has received several grants from HUD to make improvements to its public housing complexes and to fund certain management improvements.

HOME Investments Partnerships Program (ALN 14.239)

The HOME Investments Partnership Program provides accountability for the operations of an affordable housing complex in Marathon, Florida that was constructed, in part, by the proceeds of a loan that was funded through a grant from HUD under the HOME Investments Partnerships Program.

Section 8 Housing Choice Vouchers (ALN 14.871)

The Section 8 Housing Choice Vouchers program accounts for the activity associated with the projects and other facilities that are not owned by the Authority but are subsidized by HUD under an Annual Contributions Contract.

Other Business Activities

These activities account for the operations of the various affordable housing complexes operated by the Authority and the other resources received by the Authority that are not restricted by outside sources as to expenditure for the benefit of specific projects or purposes. The Authority also administers the Community Development Block Grant and the State Housing Initiative Program on behalf of Monroe County, Florida.

Central Office Cost Center

The Central Office Cost Center (COCC) is a business unit within the Authority that generates revenues from fee income and other business activities. The COCC consists of activities funded through these revenue sources.

Budgets

Budgets are prepared on an annual basis for each program/activity and are used as a management tool throughout the accounting cycle. The budgets for the Capital Fund Program and certain other multi-year grant programs are adopted on a "project length" basis. Budgets are not, however, legally adopted nor legally required for financial statement presentation.

**MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Authority considers all highly liquid instruments, including certificates of deposit and short-term investments with an original maturity of three months or less to be cash equivalents. At December 31, 2021, the Authority did not have any cash equivalents.

Restricted Assets

Certain assets are classified as restricted assets in the accompanying statement of net position when constraints are placed on their use by external parties or law. The assets that are classified as restricted include the following:

Restricted Cash

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

Capital Assets

All purchased capital assets are valued at cost when historical records are available. When no historical records are available, capital assets are valued at estimated historical cost. Routine repairs and maintenance are charged against operations. Betterments in excess of \$1,500 are capitalized. Certain major repairs (i.e. painting, roofing, and plumbing) are also charged against operations in accordance with HUD policies and procedures. Donated assets are recorded at acquisition value as of the date of donation.

Depreciation is calculated using the straight-line method over the useful life of the related asset. The useful lives range from 15 to 40 years for buildings, building improvements, and infrastructure, and from 5 to 10 years for equipment. When assets are disposed of, the related cost and accumulated depreciation are relieved, and any gain or loss is included in nonoperating expenses.

Other Assets

On February 5, 1990, MCHC purchased MHA's Fiscal General Partner's interest and will continue MHA's operations in conjunction with the Authority, Operating General Partner. This investment in joint venture is accounted for using the equity method of accounting.

Complete financial statements can be obtained from the Authority's and MCHC's administrative office located at 1400 Kennedy Drive, Key West, Florida 33040.

As of December 31, 2021, MCHC's ending capital account was \$382,318. The investment in joint venture fluctuates based on partner income or loss allocation from the partnership. The investment in joint venture change for the year ended December 31, 2021 was \$64,055 for MCHC.

**MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Authority only has one employee, its executive director. All nonexecutive director related services are performed by employees of KWHHA and the Authority reimburses KWHHA for such costs as incurred.

KWHHA's policy allows employees to accumulate unused vacation leave up to a maximum of 288 hours and unused sick leave up to a maximum of 1,040 hours. Upon termination, for other than cause or resignation without proper notice, employees are paid for unused accumulated vacation. Unused accumulated sick leave is paid to the employee up to 348 unused sick leave and 288 unused vacation leave upon termination in good standing as follows:

Six to Nine Years of Service	25%
Ten Years of Service	50%
Twenty Years of Service	100%

Unused time is accrued and is only payable as discussed above.

Unearned Revenue

Unearned revenue represents tenant rents or grant money received in advance.

Operating and Nonoperating Revenues and Expenses

The Authority recognizes operating revenue and expenses as a result of providing low rent housing and other services. The principal operating revenues of the Authority consist of tenant rental charges, operating subsidies and fees received from the federal government and other grantor organizations and other revenue received from ancillary operations such as maintenance charges to tenants, laundry operations and similar operations. Operating expenses include the costs of operating the Authority owned housing complexes, housing assistance payments to landlords, administrative expenses, and costs associated with providing program services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Government Operating Grants and Subsidies

The subsidies and grants received by the Authority from HUD under Annual Contributions Contracts and other grantor entities are recorded as operating revenue in the period earned in accordance with accounting principles generally accepted in the United States of America.

Pursuant to the Annual Contributions Contract with HUD, the Authority receives an operating subsidy for its operation of public housing.

The Section 8 Housing Choice Vouchers Program Annual Contributions Contract with HUD provides for housing assistance payments to private owners of residential units on behalf of eligible low-income or very low-income families. The program provides for such payments covering the difference between the maximum rental on a dwelling unit and the amount of rent contribution by the participating family plus related administrative expenses.

**MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between assets and liabilities in the financial statements and is classified into three components:

Net Investment in Capital Assets – This component consists of capital assets net of accumulated depreciation and related debt financing.

Restricted Net Position – Net position with constraints placed on the use either by 1) external groups such as creditors, grantors, or laws and regulation of other governments; or 2) law through constitutional provisions or enabling legislation are reflected in this component.

Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

The Authority applies restricted resources first when an expense or expenditure is incurred for the purpose for which both restricted and unrestricted net positions are available.

Use of Estimates

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

Income Taxes

The Authority is a public body corporate and politic exempt from federal and state income taxes.

Risk Management

The Authority is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and other general liability issues. The Authority was unable to obtain general liability insurance at a cost it determined to be economically feasible. The Authority joined together with other housing authorities to form Florida Public Housing Authority Self Insurance Fund (FPHASIF), a public risk pool currently operating as a common risk management and insurance program. The Authority pays an annual premium to FPHASIF for its general insurance coverage. The agreement for formation of the FPHASIF provides that it will be self-sustaining through member premiums and will reinsure through commercial companies. The Authority continues to carry commercial insurance for all other risks of loss, including workers’ compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its securities that are in the possession of an outside party.

Deposits

All cash deposits are carried at cost and are in financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized. Florida Statutes Chapter 280 sets forth the qualifications and requirements that a financial institution must meet in order to become a qualified depository. The Statute also defines the amount and type of collateral that must be pledged in order to remain qualified.

Florida Statute 218.45 requires deposits of governmental entities be made only with Qualified Public Depositories (QPDs). Public funds on deposit in QPDs are protected against loss due to insolvency by: (1) federal deposit insurance; (2) the pledge of securities as collateral; and (3) a contingent liability agreement that allows the Chief Financial Officer of the state of Florida to assess QPDs if the securities pledged by an insolvent QPD are insufficient. The agreement for collateralization of public funds is with the state of Florida and not with the Authority. Similar to FDIC, the state of Florida is guaranteeing the deposit.

As of December 31, 2021, the Authority's book balance of cash was \$10,124,650 and the bank balance was \$10,142,358.

As of December 31, 2021, the MCHC book balance of cash was \$378,075 and the bank balance of cash was \$378,155.

The Authority's investment policy requires that deposits be entirely covered by federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. Under this Chapter, in the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the Authority for the loss.

Cash Restricted – Other as of December 31, 2021, consisted of the following:

Cash - Restricted for Replacement Reserves	\$ 3,663,305
Cash - Restricted for Repairs	572,758
Cash - Restricted for Housing Assistance Payments	6,814
Cash - Restricted for Sinking Funds	2,374,628
Total Cash Restricted - Other	<u>\$ 6,617,505</u>

MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2021 consisted of the following:

<u>Primary Government:</u>	<u>Amount</u>
Tenant Accounts Receivables:	
Dwelling Rents	\$ 35,537
Accounts Receivable - Allowance	<u>(16,435)</u>
Total Tenant Accounts Receivables	19,102
Accounts Receivable - HUD Other Projects	374
Amounts Due from Other Governments	<u>47,478</u>
Total Receivables	<u><u>\$ 66,954</u></u>
<u>Component Unit:</u>	
Amounts Due from Other Governments	<u><u>\$ 3,603</u></u>

NOTE 4 CAPITAL ASSETS

The changes in capital assets for the year ended December 31, 2021 for the primary government were as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Primary Government:					
Nondepreciable Capital Assets:					
Land	\$ 752,271	\$ -	\$ -	\$ -	\$ 752,271
Construction in Progress	<u>2,437,467</u>	<u>3,613,727</u>	<u>-</u>	<u>(3,795,803)</u>	<u>2,255,391</u>
Total Nondepreciable Capital Assets	3,189,738	3,613,727	-	(3,795,803)	3,007,662
Depreciable Capital Assets:					
Buildings	18,988,202	28,698	-	3,795,803	22,812,703
Infrastructure	1,096,307	-	-	-	1,096,307
Administrative Equipment	<u>764,605</u>	<u>14,500</u>	<u>(11,800)</u>	<u>-</u>	<u>767,305</u>
Total Depreciable Capital Assets	20,849,114	43,198	(11,800)	3,795,803	24,676,315
Accumulated Depreciation					
Buildings	(12,298,980)	(535,663)	-	-	(12,834,643)
Infrastructure	(367,231)	(39,447)	-	-	(406,678)
Administrative Equipment	<u>(540,260)</u>	<u>(47,306)</u>	<u>11,800</u>	<u>-</u>	<u>(575,766)</u>
Less: Total Accumulated Depreciation	<u>(13,206,471)</u>	<u>(622,416)</u>	<u>11,800</u>	<u>-</u>	<u>(13,817,087)</u>
Total Capital Assets					
Being Depreciated, Net	<u>7,642,643</u>	<u>(579,218)</u>	<u>-</u>	<u>3,795,803</u>	<u>10,859,228</u>
Capital Assets, Net	<u><u>\$ 10,832,381</u></u>	<u><u>\$ 3,034,509</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,866,890</u></u>

MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 CAPITAL ASSETS (CONTINUED)

The changes in capital assets for the year ended December 31, 2021 for the component unit were as follows:

<u>Component Unit:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:					
Land	\$ 318,122	\$ -	\$ -	\$ -	\$ 318,122
Depreciable Capital Assets:					
Furniture and Equipment	633	-	-	-	633
Less: Accumulated Depreciation	(633)	-	-	-	(633)
Total Capital Assets Being Depreciated, Net	-	-	-	-	-
Capital Assets, Net	\$ 318,122	\$ -	\$ -	\$ -	\$ 318,122

NOTE 5 CHANGES IN LONG-TERM LIABILITIES

The Authority has several notes and bond issues outstanding as of December 31, 2021. These obligations represent fixed liabilities of the concerned projects. In addition, the Authority has a liability for compensated absences. Following is a summary of the changes in all such liabilities for the year ended December 31, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings:					
Revenue Notes	\$ 562,972	\$ -	\$ (79,570)	483,402	\$ 54,869
Notes Payable	5,652,856	-	(25,668)	5,627,188	26,696
Compensated Absences	6,150	24,847	(11,681)	19,316	1,931
Total	\$ 6,221,978	\$ 24,847	\$ (116,919)	\$ 6,129,906	\$ 83,496

MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 NOTES AND BONDS PAYABLE

Tropical Isle Apartments

Effective January 1, 2002, the Authority assumed control of the property known as Tropical Isle Apartments from Monroe County Housing Finance Authority. As part of the transaction, the Authority assumed control and title to all assets and assumed all liabilities.

First Mortgage

The debt assumed included a first mortgage in favor of Monroe County Comprehensive Plan Land Authority in the amount of \$59,025 which is nonamortizing and is noninterest bearing. The loan will mature on September 7, 2045. The balance as of December 31, 2021 is \$59,027.

HOME Investment Partnerships Program Mortgage

Liability for the second mortgage note issued to Florida Housing Finance Corporation in the principal amount of \$1,119,107 was also assumed. This note is co-terminus with the first mortgage note and it is also nonamortizing and noninterest bearing. This loan matures on August 28, 2047. The balance as of December 31, 2021 is \$1,119,107.

Both notes are collateralized by the land, project improvements and property located on the land.

Wastewater Connection Mortgage

On December 1, 2010, the Authority entered into an agreement with the city of Marathon to connect to the city's wastewater system. They have financed the costs of connection with the city for \$108,712. An initial payment of \$10,000 was made on December 15, 2010. The balance is to be paid on annually for a period of 15 years beginning December 15, 2011. The balance as of December 31, 2021 is \$32,227.

Stock Island Project

Revenue Notes

On April 24, 2003, the Authority issued a Housing Revenue Note Series 2003 (Stock Island Project) in the principal amount of \$1,250,000 in order to finance the cost to complete the construction of certain affordable housing units on Stock Island.

The note bears an interest rate of 3.50% and is subjected to changes as noted in the loan agreement. The interest amounts below are estimated using the current rates in effect. The new note is being amortized over a 20-year period. The note is collateralized by the land, project improvements and property located on the land. The balance as of December 31, 2021 is \$483,402.

MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 NOTES AND BONDS PAYABLE (CONTINUED)

Marathon Housing Associates, Ltd.

Sewer Connection Note Payable

On December 1, 2010, the city of Marathon, Florida, and the general partner of the partnership finalized a wastewater connection agreement following notification from the city that the Partnership was required to connect its wastewater system to the city's system.

The cost to be paid to the city of Marathon totaled \$605,579 of which \$240,000 was paid in November 2010. The balance been financed with the city over 20 years with an annual payment of \$27,194. As of December 31, 2021, the total note payable was \$202,198.

Home Rehabilitation Loan Payable

In 1996, the Marathon Housing Associates, Ltd. was approved and subsequently received an interest-free loan in the amount of \$4,214,629 from the Florida Hosing Finance (Agency) under Home Project No. 95HR-009. The entire amount of the loan is inter alia, secured by a second mortgage on the improvements of the project. The loan is interest free but carries a maximum default interest rate of 18% per annum. The full amount of the loan is due on March 20, 2046. As of December 31, 2021, the total note payable was \$4,214,629.

The loan calls for the funding of a replacement reserves fund of \$1,625 per month to fund capital repairs, replacements, and improvements. The Agency has the right to attach the escrow accounts in the event of a default under the loan documents.

Additional deposits have been made to the replacement reserves fund to pay for anticipated repairs. MHA deposited a total of \$19,500 in 2021. As of December 31, 2021 the reserve replacement fund balance was \$3,577,572.

The board of trustees also approved setting aside \$20,121 per month in a sinking fund for payment of the loan. As of December 31, 2021, the sinking fund balance was \$2,374,628.

MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 NOTES AND BONDS PAYABLE (CONTINUED)

As of December 31, 2021, annual debt service requirements to maturity are as follows:

Year Ending December 31,	Notes from Direct Borrowings and Direct Placements			
	Revenue Notes		Notes Payable	
	Principal	Interest	Principal	Interest
2022	\$ 54,869	\$ 20,094	\$ 26,696	\$ 9,377
2023	57,323	17,640	27,764	8,310
2024	59,887	15,076	28,873	7,199
2025	62,565	12,398	30,029	6,043
2026	65,363	9,600	22,352	4,843
2027-2031	183,395	10,953	98,712	10,065
2032-2036	-	-	-	-
2037-2041	-	-	4,214,629	-
2042-2046	-	-	59,025	-
2047-2048	-	-	1,119,108	-
Total	<u>\$ 483,402</u>	<u>\$ 85,761</u>	<u>\$ 5,627,188</u>	<u>\$ 45,837</u>

NOTE 7 LINE OF CREDIT

On March 1, 2013, the Authority obtained a line of credit for \$500,000, from First State Bank of the Florida Keys. The purpose of the line of credit is to purchase limited partnerships in order to bring the Eastwind complex back into the public domain. The line of credit matures on July 1, 2022 and bears interest at 5.5%. The outstanding balance as of December 31, 2021 is \$498,500. The unused balance on the line of credit is \$1,500.

	Beginning Balance	Additions	Reductions	Ending Balance
Line of Credit	\$ 498,500	\$ -	\$ -	\$ 498,500

NOTE 8 RESTRICTED COMPONENT OF NET POSITION

Restricted net position as of December 31, 2021 consists of the following:

HOME - Reserve for Replacement	\$ 85,733
Cash - Restricted for Replacement Reserves	3,577,572
Cash - Restricted for Repairs	572,758
Cash - Restricted for Housing Assistance Payments	6,814
Cash - Restricted for Sinking Funds	2,374,628
Total Restricted Net Position	<u>\$ 6,617,505</u>

MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9 RELATED PARTY TRANSACTIONS

The Authority is a related organization to The Housing Authority of the City of Key West, Florida; Monroe County Housing Corporation, Inc.; and Marathon Housing Associates, LTD. As of December 31, 2021, the Authority had the following balances:

Monroe County Housing Authority

Management Fees Paid by MCHA to KWH	\$ 235,099
Bookkeeping Fees Paid by MCHA to KWH	21,148
Due to KWH	603,287
Due from MHA	17,033

Monroe County Housing Corporation, Inc.

Management Fees Paid by KWH to MCHC	\$ 32,522
Management Fees Paid by MHA to MCHC	8,000
Due from KWH	3,603

NOTE 10 COMMITMENTS AND CONTINGENCIES

The Authority receives a substantial amount of its support from the federal government in the form of subsidies, grants, and loans. If a significant reduction in the level of this support were to occur, it may have an effect on the Authority's programs and activities.

Government grants and loans require the fulfillment of certain conditions as set forth in laws, rules, and regulations and grant and loan agreements. Failure to fulfill the conditions could result in the return of funds to grantors. The Authority's management believes that disallowances, if any, would be immaterial.

Marathon Housing Associates, Ltd.

Ground Lease

MHA acquired the fifteen buildings comprising the project, but not the land underlying the buildings, which is subject to a ground lease with triannual renewal options. The latest option was exercised which provides for an extension of the group lease through January 31, 2021. Further renewal options are available through February 1, 2081. The rental of the ground lease is \$1 per year, provided that the project maintains its HAP contact.

MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Marathon Housing Associates, Ltd. (Continued)

Housing Assistance Payment Contract

Pursuant to an agreement with the U.S. Department of Housing and Urban Development, under the Housing Assistance Payment (HAP) Clause of the U.S. Housing Act of 1937, as amended by the Housing and Community Development Act of 1974, MHA was entitled to rental assistance for thirty (30) years from the execution of the HAP contract in 1982. The contract was subsequently renewed and currently expires in January 2022.

MHA cannot sell or otherwise substantially liquidate its assets during the period that the agreement with the U.S. Department of Housing and Urban Development is in existence, without their approval.

NOTE 11 ECONOMIC DEPENDENCY

The Authority's operations are concentrated in the real estate market. The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

The Authority receives a substantial amount of its support from the federal government in the form of subsidies and grants. If a significant reduction in the level of this support were to occur, it may have an effect on the Authority's programs and activities.

MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 ECONOMIC DEPENDENCY (CONTINUED)

The table below shows the revenue allocation by activity for the year ended December 31, 2021.

	<u>Total Revenue</u>	<u>Percentage of Total Revenue</u>
Revenue from HUD		
Section 8 Housing Choice Voucher - HAP	\$ 2,790,135	33.42%
Section 8 Housing Choice Voucher - Administrative	265,876	3.18
Public and Indian Housing	98,448	1.18
Total HUD Funding	<u>3,154,459</u>	<u>37.78</u>
Non-HUD Funding		
Tenant Rental Revenue, Net of Bad Debt	4,031,516	48.27
Tenant Revenue Other	96,652	1.03
Other Government Grants	2,519	0.03
Investment Income (Unrestricted)	2,923	0.41
Investment Income (Restricted)	11,298	0.39
Gain on Sale of Capital of Assets	1,875	0.02
Other Revenue	<u>276,238</u>	<u>12.07</u>
Total Non-HUD Funding	<u>4,423,021</u>	<u>62.22</u>
 Total Revenue	 <u><u>\$ 7,577,480</u></u>	 <u><u>100.00%</u></u>

MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 12 CONDENSED BLENDED COMPONENT UNIT INFORMATION

Condensed component unit information for the Authority's blended component units as listed in Note 1 is presented below.

Condensed Statement of Net Position

	Primary Government	Marathon Housing Associates, Ltd.	Total
ASSETS			
Current Assets	\$ 1,586,547	\$ 9,089,443	\$ 10,675,990
Capital Assets, Net	4,682,366	9,184,524	13,866,890
Noncurrent Assets	2,000	-	2,000
	<u>6,270,913</u>	<u>18,273,967</u>	<u>24,544,880</u>
Total Assets	<u>\$ 6,270,913</u>	<u>\$ 18,273,967</u>	<u>\$ 24,544,880</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Current Liabilities	\$ 1,303,581	\$ 914,838	\$ 2,218,419
Noncurrent Liabilities	1,638,067	4,408,343	6,046,410
Total Liabilities	2,941,648	5,323,181	8,264,829
NET POSITION			
Net Investment in Capital Assets	2,988,603	4,773,668	7,762,271
Restricted	92,547	6,524,958	6,617,505
Unrestricted	248,115	1,652,160	1,900,275
Total Net Position	<u>3,329,265</u>	<u>12,950,786</u>	<u>16,280,051</u>
Total Liabilities and Net Position	<u>\$ 6,270,913</u>	<u>\$ 18,273,967</u>	<u>\$ 24,544,880</u>

Condensed Statement of Revenue, Expenses, and Changes in Net Position

	Primary Government	Marathon Housing Associates, Ltd.	Total
OPERATING REVENUE	\$ 4,211,912	\$ 3,349,472	\$ 7,561,384
OPERATING EXPENSES	<u>4,250,092</u>	<u>1,823,267</u>	<u>6,073,359</u>
INCOME(LOSS) FROM OPERATIONS	(38,180)	1,526,205	1,488,025
NONOPERATING REVENUE (EXPENSES)	<u>(144,976)</u>	<u>-</u>	<u>(144,976)</u>
CHANGE IN NET POSITION	(183,156)	1,526,205	1,343,049
Net Position - Beginning of Year	<u>3,512,421</u>	<u>11,424,581</u>	<u>14,937,002</u>
NET POSITION - END OF YEAR	<u>\$ 3,329,265</u>	<u>\$ 12,950,786</u>	<u>\$ 16,280,051</u>

MONROE COUNTY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 12 CONDENSED BLENDED COMPONENT UNIT INFORMATION (CONTINUED)

Condensed Statement of Cash Flow

	<u>Primary Government</u>	<u>Marathon Housing Associates, Ltd.</u>	<u>Total</u>
NET CASH PROVIDED (USED) BY			
Operating Activities	\$ 608,566	\$ 1,865,083	\$ 2,473,649
Capital and Related Financing Activities	(3,795,692)	-	(3,795,692)
Noncapital Financing Activities	(7,297)	(18,371)	(25,668)
Investing Activities	<u>3,235,551</u>	<u>(3,321,330)</u>	<u>(85,779)</u>
NET INCREASE (DECREASE) IN CASH	41,128	(1,474,618)	(1,433,490)
Cash - Beginning of Year	<u>1,399,671</u>	<u>10,158,469</u>	<u>11,558,140</u>
CASH - END OF YEAR	<u><u>\$ 1,440,799</u></u>	<u><u>\$ 8,683,851</u></u>	<u><u>\$ 10,124,650</u></u>

NOTE 13 SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through September 16, 2022 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTARY INFORMATION

MONROE COUNTY HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION
DECEMBER 31, 2021

Line Item No.	Account Description	Programs										Discretely Presented Component Unit	Total	
		Project Totals	HOME Investments Partnerships	Section 8 Housing Choice Voucher	HCV CARES Act Funding	Hazard Mitigation	Community Development Block Grant	Other Business Activities	Central Office Cost Center	Blended Component Unit	Eliminations			Primary Government
ASSETS														
CURRENT ASSETS														
	Cash:													
111	Unrestricted	\$ 396,642	\$ 362,743	\$ 135,032	\$ -	\$ 62,352	\$ 327	\$ 314,837	\$ 40,588	\$ 2,090,033	\$ -	\$ 3,402,554	\$ 378,075	\$ 3,780,629
113	Other Restricted	-	85,733	6,814	-	-	-	-	-	6,524,958	-	6,617,505	-	6,617,505
114	Tenant Security Deposits	8,200	7,100	-	-	-	300	20,131	-	68,860	-	104,591	-	104,591
100	Total Cash	404,842	455,576	141,846	-	62,352	627	334,968	40,588	8,683,851	-	10,124,650	378,075	10,502,725
	Accounts and Notes Receivable:													
121	Accounts Receivable - PHA Projects	-	-	374	-	-	-	-	-	-	-	374	-	374
124	Accounts Receivable - Other Government	-	-	-	-	-	-	30,445	17,033	-	-	47,478	3,603	51,081
126	Accounts Receivable - Tenants	3,769	1,953	-	-	-	-	2,325	-	27,490	-	35,537	-	35,537
126.1	Accounts Receivable - Allowance	(521)	-	-	-	-	-	-	-	(15,914)	-	(16,435)	-	(16,435)
120	Total Receivables, Net	3,248	1,953	374	-	-	-	32,770	17,033	11,576	-	66,954	3,603	70,557
	Other Current Assets:													
142	Prepaid Expenses and Other Assets	38,060	26,601	663	-	-	870	23,852	324	394,016	-	484,386	549	484,935
	Total Other Current Assets	38,060	26,601	663	-	-	870	23,852	324	394,016	-	484,386	549	484,935
150	Total Current Assets	446,150	484,130	142,883	-	62,352	1,497	391,590	57,945	9,089,443	-	10,675,990	382,227	11,058,217
NONCURRENT ASSETS														
	Capital Assets:													
161	Land	294,281	105,000	-	-	324,815	-	28,175	-	-	-	752,271	318,122	1,070,393
162	Buildings	3,935,200	1,061,679	-	-	2,219,774	-	1,456,300	-	14,139,750	-	22,812,703	-	22,812,703
164	Furniture, Equipment and Machinery - Administration	103,509	25,150	76,466	-	-	-	1,097	-	561,083	-	767,305	633	767,938
166	Accumulated Depreciation	(2,896,588)	(1,056,851)	(29,475)	-	(1,045,118)	-	(572,448)	-	(8,216,607)	-	(13,817,087)	(633)	(13,817,720)
167	Construction in Progress	-	-	-	-	-	292,257	-	-	1,963,134	-	2,255,391	-	2,255,391
168	Infrastructure	116,478	242,665	-	-	-	-	-	-	737,164	-	1,096,307	-	1,096,307
160	Total Capital Assets - Net	1,552,880	377,643	46,991	-	1,499,471	292,257	913,124	-	9,184,524	-	13,866,890	318,122	14,185,012
	Other Assets:													
174	Other Assets	-	-	-	-	-	2,000	-	-	-	-	2,000	-	2,000
176	Investment in Joint Venture	-	-	-	-	-	-	-	-	-	-	-	382,318	382,318
	Total Other Assets	-	-	-	-	-	2,000	-	-	-	-	2,000	382,318	384,318
180	Total Noncurrent Assets	1,552,880	377,643	46,991	-	1,499,471	294,257	913,124	-	9,184,524	-	13,868,890	700,440	14,569,330
190	Total Assets	\$ 1,999,030	\$ 861,773	\$ 189,874	\$ -	\$ 1,561,823	\$ 295,754	\$ 1,304,714	\$ 57,945	\$ 18,273,967	\$ -	\$ 24,544,880	\$ 1,082,667	\$ 25,627,547

**MONROE COUNTY HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2021**

Line Item No.	Account Description	Programs							Central Office Cost Center	Blended Component Unit	Eliminations	Primary Government	Discretely Presented Component Unit	Total
		Project Totals	HOME Investments Partnerships	Section 8 Housing Choice Voucher	HCV CARES Act Funding	Hazard Mitigation	Community Development Block Grant	Other Business Activities						
LIABILITIES AND NET POSITION														
CURRENT LIABILITIES														
312	Accounts Payable <= 90 Days	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275	\$ 275	
321	Accrued Wage and Payroll Taxes Payable	1,090	975	1,313	-	-	672	875	845	6,583	-	12,353	-	12,353
322	Accrued Compensated Absences - Current Portion	-	45	373	-	-	-	333	-	1,180	-	1,931	-	1,931
331	Accounts Payable - HUD PHA Programs	-	-	2,519	-	-	-	-	-	-	-	2,519	-	2,519
333	Accounts Payable - Other Government	113,891	10,978	19,151	-	50	271,169	20,941	255,636	620,963	-	1,312,779	-	1,312,779
341	Tenant Security Deposits	8,200	7,100	-	-	-	300	20,131	-	68,860	-	104,591	-	104,591
342	Unearned Revenue	2,628	1,076	-	-	-	550	1,781	-	1,919	-	7,954	-	7,954
343	Current Portion of Long-Term Debt - Capital Projects	-	7,589	-	-	-	-	54,870	-	-	-	62,459	-	62,459
344	Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-	-	-	-	498,500	19,106	-	517,606	-	517,606
345	Other Current Liabilities	-	-	-	-	-	-	-	-	196,227	-	196,227	-	196,227
310	Total Current Liabilities	125,809	27,763	23,356	-	50	272,691	98,931	754,981	914,838	-	2,218,419	275	2,218,694
NONCURRENT LIABILITIES														
351	Long-Term Debt, Net of Current - Capital Projects	-	1,202,770	-	-	-	-	428,534	-	4,214,629	-	5,845,933	-	5,845,933
352	Long-Term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	183,092	-	183,092	-	183,092
354	Accrued Compensated Absences - Noncurrent	-	406	3,358	-	-	-	2,999	-	10,622	-	17,385	-	17,385
350	Total Noncurrent Liabilities	-	1,203,176	3,358	-	-	-	431,533	-	4,408,343	-	6,046,410	-	6,046,410
300	Total Liabilities	125,809	1,230,939	26,714	-	50	272,691	530,464	754,981	5,323,181	-	8,264,829	275	8,265,104
NET POSITION														
508.4	Net Investment in Capital Assets	1,552,880	(832,716)	46,991	-	1,499,471	292,257	429,720	-	4,773,668	-	7,762,271	318,122	8,080,393
511.4	Restricted	-	85,733	6,814	-	-	-	-	-	6,524,958	-	6,617,505	-	6,617,505
512.4	Unrestricted	320,341	377,817	109,355	-	62,302	(269,194)	344,530	(697,036)	1,652,160	-	1,900,275	764,270	2,664,545
513	Total Net Position	1,873,221	(369,166)	163,160	-	1,561,773	23,063	774,250	(697,036)	12,950,786	-	16,280,051	1,082,392	17,362,443
600	Total Liabilities and Net Position	\$ 1,999,030	\$ 861,773	\$ 189,874	\$ -	\$ 1,561,823	\$ 295,754	\$ 1,304,714	\$ 57,945	\$ 18,273,967	\$ -	\$ 24,544,880	\$ 1,082,667	\$ 25,627,547

MONROE COUNTY HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021

Line Item No.	Account Description	Programs						Central Office Cost Center	Blended Component Unit	Eliminations	Primary Government	Discretely Presented Component Unit	Total	
		Project Totals	HOME Investments Partnerships	Section 8 Housing Choice Vouchers	HCV CARES Act Funding	Hazard Mitigation	Community Development Block Grant							Other Business Activities
	REVENUE													
70300	Net Tenant Rental Revenue	\$ 218,127	\$ 253,125	\$ -	\$ -	\$ -	\$ 108,501	\$ 302,813	\$ -	\$ 3,252,180	\$ -	\$ 4,134,746	\$ -	\$ 4,134,746
70400	Tenant Revenue - Other	13,298	535	-	-	-	-	45,397	-	37,422	-	96,652	-	96,652
70500	Total Tenant Revenue	231,425	253,660	-	-	-	108,501	348,210	-	3,289,602	-	4,231,398	-	4,231,398
70600	HUD PHA Operating Grants	98,448	-	3,003,792	52,219	-	-	-	-	-	-	3,154,459	-	3,154,459
70710	Management Fee	-	-	-	-	-	-	-	116,492	-	(116,492)	-	-	-
70730	Bookkeeping Fee	-	-	-	-	-	-	-	22,245	-	(22,245)	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-	138,737	-	(138,737)	-	-	-
70800	Other Government Grants	-	-	-	-	-	-	2,519	-	-	-	2,519	-	2,519
71100	Investment Income - Unrestricted	530	507	218	-	-	-	457	56	1,155	-	2,923	486	3,409
71500	Other Revenue	12,727	9,897	4	-	-	8,435	8,906	188,759	47,510	-	276,238	104,577	380,815
71600	Gain or Loss on Sale of Capital Assets	1,875	-	-	-	-	-	-	-	-	-	1,875	-	1,875
72000	Investment Income - Restricted	-	93	-	-	-	-	-	-	11,205	-	11,298	-	11,298
70000	Total Revenue	345,005	264,157	3,004,014	52,219	-	116,936	360,092	327,552	3,349,472	(138,737)	7,680,710	105,063	7,785,773
	EXPENSES													
	Administrative:													
91100	Administrative Salaries	-	16,657	33,223	25,211	-	-	12,057	40,631	131,750	-	259,529	-	259,529
91200	Auditing Fees	2,944	2,363	22,711	-	-	-	2,879	3,106	27,300	-	61,303	947	62,250
91300	Management Fee	43,613	20,250	28,404	-	-	-	24,225	-	188,626	(116,492)	188,626	-	188,626
91310	Bookkeeping Fee	4,493	-	17,752	-	-	-	-	-	-	(22,245)	-	-	-
91500	Employee Benefit Contributions	-	14,528	29,441	11,273	-	-	7,439	8,547	84,710	-	155,938	-	155,938
91600	Office Expenses	9,874	1,185	16,688	-	-	-	321	283	16,782	-	45,133	188	45,321
91700	Legal Expense	488	-	-	-	-	-	390	4,913	4,199	-	9,990	-	9,990
91800	Travel	-	-	-	-	-	-	-	846	-	-	846	-	846
91900	Other	337	2,400	3,905	-	600	213	9,117	40,009	3,600	-	60,181	1,707	61,888
91000	Total Operating - Administrative	61,749	57,383	152,124	36,484	600	213	56,428	98,335	456,967	(138,737)	781,546	2,842	784,388
	Tenant Services:													
92100	Salaries	2,499	833	9,997	-	-	-	833	-	46,048	-	60,210	-	60,210
92300	Employee Benefit Contributions	1,995	665	7,980	-	-	-	665	-	29,781	-	41,086	-	41,086
92400	Tenant Services	-	-	-	-	-	-	-	-	971	-	971	-	971
92500	Total Tenant Services	4,494	1,498	17,977	-	-	-	1,498	-	76,800	-	102,267	-	102,267

MONROE COUNTY HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Line Item No.	Account Description	Programs										Primary Government	Discretely Presented Component Unit	Total
		Project Totals	HOME Investments Partnerships	Section 8 Housing Choice Voucher	HCV CARES Act Funding	Hazard Mitigation	Community Development Block Grant	Other Business Activities	Central Office Cost Center	Blended Component Unit	Eliminations			
	Utilities:													
93100	Water	\$ 7,476	\$ 540	\$ -	\$ -	\$ -	\$ 6,335	\$ 222	\$ -	\$ 5,162	\$ -	\$ 19,735	\$ -	\$ 19,735
93200	Electricity	8,642	1,319	-	-	-	15,565	-	-	22,674	-	48,200	-	48,200
93800	Other Utilities Expense	2,217	891	-	-	-	6,363	17,153	-	3,870	-	30,494	-	30,494
93000	Total Utilities	18,335	2,750	-	-	-	28,263	17,375	-	31,706	-	98,429	-	98,429
	Ordinary Maintenance and Operation:													
94100	Labor	44,702	19,127	-	-	-	-	23,124	-	110,908	-	197,861	-	197,861
94200	Materials and Other	19,541	3,425	146	-	-	180	10,458	-	121,236	-	154,986	-	154,986
94300	Contracts	63,544	19,128	1,174	-	-	9,800	22,771	-	208,993	-	325,410	-	325,410
94500	Employee Benefit Contributions - Maintenance	38,290	14,363	-	-	-	-	18,719	-	80,994	-	152,366	-	152,366
	Total Maintenance and Operation	166,077	56,043	1,320	-	-	9,980	75,072	-	522,131	-	830,623	-	830,623
	Insurance Premiums:													
96140	All Other Insurance	66,666	55,876	3,397	-	-	1,740	50,865	2,311	239,935	-	420,790	3,293	424,083
96100	Total Insurance Premiums	66,666	55,876	3,397	-	-	1,740	50,865	2,311	239,935	-	420,790	3,293	424,083
	General Expenses:													
96200	Other General Expenses	4,539	4,313	15,256	1,235	-	16,169	5	379,737	49,936	-	471,190	13,070	484,260
96210	Compensated Absences	6,613	3,943	5,668	-	-	-	4,095	-	18,804	-	39,123	-	39,123
96300	Payments in Lieu of Taxes	19,979	-	-	-	-	-	-	-	32,392	-	52,371	-	52,371
96400	Bad Debt - Tenant Rents	471	-	-	-	-	84,988	-	-	17,771	-	103,230	-	103,230
96000	Total General Expenses	31,602	8,256	20,924	1,235	-	101,157	4,100	379,737	118,903	-	665,914	13,070	678,984
96710	Interest on Mortgage (or Bonds) Payable	-	1,581	-	-	-	-	22,630	-	-	-	24,211	-	24,211
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	28,038	8,823	-	36,861	-	36,861
96700	Total Interest Expense and Amortization Costs	-	1,581	-	-	-	-	22,630	28,038	8,823	-	61,072	-	61,072
96900	Total Operating Expenses	348,923	183,387	195,742	37,719	600	141,353	227,968	508,421	1,455,265	(138,737)	2,960,641	19,205	2,979,846
97000	Excess (Deficiency) of Revenue Over (Under) Operating Expenses	(3,918)	80,770	2,808,272	14,500	(600)	(24,417)	132,124	(180,869)	1,894,207	-	4,720,069	85,858	4,805,927

MONROE COUNTY HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Line Item No.	Account Description	Programs							Central Office Cost Center	Blended Component Unit	Eliminations	Primary Government	Discretely Presented Component Unit	Total
		Project Totals	HOME Investments Partnerships	Section 8 Housing Choice Voucher	HCV CARES Act Funding	Hazard Mitigation	Community Development Block Grant	Other Business Activities						
	Other Expenses:													
97100	Extraordinary Maintenance	\$ 25,976	\$ 4,260	\$ -	\$ -	\$ -	\$ -	\$ 12,247	\$ -	\$ 9,939	\$ -	\$ 52,422	\$ -	\$ 52,422
97300	Housing Assistance Payments	-	-	2,702,182	-	-	-	-	-	-	-	2,702,182	-	2,702,182
97400	Depreciation Expense	100,914	61,928	9,409	-	55,494	-	36,608	-	358,063	-	622,416	-	622,416
	Total Other Expenses	126,890	66,188	2,711,591	-	55,494	-	48,855	-	368,002	-	3,377,020	-	3,377,020
90000	Total Expenses	475,813	249,575	2,907,333	37,719	56,094	141,353	276,823	508,421	1,823,267	(138,737)	6,337,661	19,205	6,356,866
	OTHER FINANCING SOURCES (USES)													
10010	Operating Transfers In	-	-	-	-	-	-	-	78,000	-	(78,000)	-	-	-
10020	Operating Transfers Out	-	(58,000)	-	-	-	-	(20,000)	-	-	78,000	-	-	-
10100	Total Other Financing Sources (Uses)	-	(58,000)	-	-	-	-	(20,000)	78,000	-	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(130,808)	(43,418)	96,681	14,500	(56,094)	(24,417)	63,269	(102,869)	1,526,205	-	1,343,049	85,858	1,428,907
11030	Net Position - Beginning of Year	2,004,029	(325,748)	51,979	-	1,617,867	47,480	710,981	(594,167)	11,424,581	-	14,937,002	996,534	15,933,536
11040	Equity Transfer	-	-	14,500	(14,500)	-	-	-	-	-	-	-	-	-
	NET POSITION - END OF YEAR	<u>\$ 1,873,221</u>	<u>\$ (369,166)</u>	<u>\$ 163,160</u>	<u>\$ -</u>	<u>\$ 1,561,773</u>	<u>\$ 23,063</u>	<u>\$ 774,250</u>	<u>\$ (697,036)</u>	<u>\$ 12,950,786</u>	<u>\$ -</u>	<u>\$ 16,280,051</u>	<u>\$ 1,082,392</u>	<u>\$ 17,362,443</u>
11170	Administrative Fee Equity	\$ -	\$ -	\$ 156,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,346	\$ -	\$ 156,346
11180	Housing Assistance Payments Equity	\$ -	\$ -	\$ 6,814	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,814	\$ -	\$ 6,814
11190	Unit Months Available	600	276	2,400	-	-	44	252	-	1,560	-	5,132	-	5,132
11210	Number of Unit Months Leased	599	271	2,367	-	-	44	252	-	1,497	-	5,030	-	5,030
11270	Excess Cash	\$ 253,205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 253,205	\$ -	\$ 253,205

MONROE COUNTY HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – OTHER BUSINESS ACTIVITIES
STATEMENT OF NET POSITION
DECEMBER 31, 2021

Line Item No.	Account Description	Non FEMA Scattered Sites	Big Coppitt	Management of Government Programs	Total
ASSETS					
CURRENT ASSETS					
Cash:					
111	Unrestricted	\$ 277,538	\$ 57,109	\$ (19,810)	\$ 314,837
114	Tenant Security Deposits	18,134	1,997	-	20,131
100	Total Cash	295,672	59,106	(19,810)	334,968
Accounts and Notes Receivable					
124	Accounts Receivable - Other Government	-	-	30,445	30,445
126	Accounts Receivable - Tenant	1,475	850	-	2,325
120	Total Receivables, Net	1,475	850	30,445	32,770
Other Current Assets					
142	Prepaid Expenses and Other Assets	19,639	4,213	-	23,852
	Total Other Current Assets	19,639	4,213	-	23,852
150	Total Current Assets	316,786	64,169	10,635	391,590
NONCURRENT ASSETS					
Capital Assets:					
161	Land	28,175	-	-	28,175
162	Buildings	1,151,908	304,392	-	1,456,300
164	Furniture, Equipment and Machinery	-	-	1,097	1,097
166	Accumulated Depreciation	(460,842)	(110,509)	(1,097)	(572,448)
160	Total Capital Assets - Net	719,241	193,883	-	913,124
180	Total Noncurrent Assets	719,241	193,883	-	913,124
190	Total Assets	\$ 1,036,027	\$ 258,052	\$ 10,635	\$ 1,304,714
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
321	Accrued Wage and Payroll Taxes Payable	\$ 845	\$ 30	\$ -	\$ 875
322	Accrued Compensated Absences -				
	Current Portion	290	43	-	333
333	Accounts Payable - Other Governments	9,548	938	10,455	20,941
341	Tenant Security Deposits	18,134	1,997	-	20,131
342	Unearned Revenue	1,425	356	-	1,781
	Current Portion of Long-Term Debt -				
343	Capital Projects	54,870	-	-	54,870
310	Total Current Liabilities	85,112	3,364	10,455	98,931
NONCURRENT LIABILITIES					
351	Long-Term Debt, Net of Current -				
	Capital Projects	428,534	-	-	428,534
354	Accrued Compensated Absences - Noncurrent	2,611	388	-	2,999
350	Total Noncurrent Liabilities	431,145	388	-	431,533
300	Total Liabilities	516,257	3,752	10,455	530,464
NET POSITION					
508.4	Net Investment in Capital Assets	235,837	193,883	-	429,720
512.4	Unrestricted	283,933	60,417	180	344,530
513	Total Net Position	519,770	254,300	180	774,250
600	Total Liabilities and Net Position	\$ 1,036,027	\$ 258,052	\$ 10,635	\$ 1,304,714

MONROE COUNTY HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – OTHER BUSINESS ACTIVITIES
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021

Line Item No.	Account Description	Non FEMA Scattered Sites	Big Coppitt	Management of Government Programs	Total
REVENUE					
70300	Tenant Rental Revenue	\$ 256,252	\$ 46,561	\$ -	\$ 302,813
70400	Tenant Revenue - Other	45,377	20	-	45,397
70500	Total Tenant Revenue	301,629	46,581	-	348,210
70800	Other Governmental Grants	-	-	2,519	2,519
71100	Investment Income - Unrestricted	360	96	1	457
71500	Other Revenue	7,181	1,673	52	8,906
70000	Total Revenue	309,170	48,350	2,572	360,092
EXPENSES					
Administrative:					
91100	Administrative Salaries	8,105	1,612	2,340	12,057
91200	Auditing Fees	2,879	-	-	2,879
91300	Management Fee	20,500	3,725	-	24,225
91500	Employee Benefit Contributions - Administrative	6,051	1,209	179	7,439
91600	Office Expenses	146	27	148	321
91700	Legal Expense	-	390	-	390
91900	Other	3,306	3,262	2,549	9,117
91000	Total Operating - Administrative	40,987	10,225	5,216	56,428
Tenant Services:					
92100	Salaries	833	-	-	833
92300	Employee Benefit Contributions	665	-	-	665
92000	Total Tenant Services	1,498	-	-	1,498
Utilities:					
93100	Water	-	222	-	222
93800	Other Utilities Expense	16,862	291	-	17,153
93000	Total Utilities	16,862	513	-	17,375
Ordinary Maintenance and Operation:					
94100	Labor	23,124	-	-	23,124
94200	Materials and Other	7,994	2,464	-	10,458
94300	Contracts	13,746	9,025	-	22,771
94500	Employee Benefit Contributions - Maintenance	18,719	-	-	18,719
94000	Total Maintenance and Operation	63,583	11,489	-	75,072
Insurance Premiums					
96140	All Other Insurance	42,197	8,556	112	50,865
	Total Insurance Premiums	42,197	8,556	112	50,865
General Expenses:					
96200	Other General Expense	5	-	-	5
96210	Compensated Absences	3,741	354	-	4,095
96000	Total General Expenses	3,746	354	-	4,100

MONROE COUNTY HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – OTHER BUSINESS ACTIVITIES
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Line Item No.	Account Description	Non FEMA Scattered Sites	Big Coppitt	Management of Government Programs	Total
	EXPENSES(CONTINUED)				
96710	Interest on Mortgage (or Bonds) Payable	\$ 22,630	\$ -	\$ -	\$ 22,630
96900	Total Operating Expenses	191,503	31,137	5,328	227,968
97000	Excess (Deficiency) of Revenue Over (Under) Operating Expenses	117,667	17,213	(2,756)	132,124
	Other Expenses				
97100	Extraordinary Maintenance	7,277	4,970	-	12,247
97400	Depreciation Expense	28,798	7,810	-	36,608
	Total Other Expenses	36,075	12,780	-	48,855
90000	Total Expenses	227,578	43,917	5,328	276,823
	Other Financing Uses				
10020	Operating Transfers Out	(5,000)	(15,000)	-	(20,000)
10010	Total Other Financing Uses	(5,000)	(15,000)	-	(20,000)
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	76,592	(10,567)	(2,756)	63,269
11030	Net Position - Beginning of Year	443,178	264,867	2,936	710,981
	NET POSITION - END OF YEAR	\$ 519,770	\$ 254,300	\$ 180	\$ 774,250

MONROE COUNTY HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Direct Federal Assistance				
<u>Department of Housing and Urban Development</u>				
Public and Indian Housing	14.850	N/A	N/A	\$ 98,448
Section 8 Housing Choice Voucher Program	14.871	N/A	N/A	3,003,792
COVID-19 - HCV CARES Act Funding	14.871	N/A	N/A	52,219
Total Housing Voucher Cluster				<u>3,056,011</u>
Total Direct Federal Awards				3,154,459
Indirect Federal Assistance				
<u>Department of Housing and Urban Development</u>				
Passed through Florida Housing Finance Corporation HOME Investment Partnership Program - Mortgage	14.239	N/A	N/A	1,119,107
Total Indirect Federal Awards				<u>1,119,107</u>
Total Federal Awards				<u>\$ 4,273,566</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

MONROE COUNTY HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

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, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 2 INDIRECT COSTS RATE

The Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 HOUSING CHOICE VOUCHER PROGRAM

The Authority received \$3,003,792 in federal funding for the Section 8 Housing Choice Voucher Program (ALN 14.871) and \$52,219 in COVID-19 HCV CARES Act funding during the year. The Authority reported \$2,945,052 in expenses on an accrual basis for the Section 8 Housing Choice Voucher Program during the year, which were paid with federal and nonfederal funds.

NOTE 4 LOANS OUTSTANDING

Monroe County Housing Authority had the following loan balance outstanding at December 31, 2021:

<u>Program Title</u>	<u>Amount Outstanding</u>
Passed through Florida Housing Finance Corporation HOME Investment Partnership Program - Mortgage	\$ 1,119,107

SUPPLEMENTARY REPORTS



**INDEPENDENT AUDITORS' 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**

Board of Commissioners
Monroe County Housing Authority
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 business-type activities and the discretely presented component unit of the Authority, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 16, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

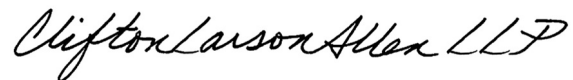
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Lakeland, Florida
September 16, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Monroe County Housing Authority
Key West, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Monroe County Housing Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2021. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' 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 Authority'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 GAAS, *Government Auditing Standards*, and the Uniform Guidance 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 Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 Authority'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 Authority'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, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 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 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Lakeland, Florida
September 16, 2022

**MONROE COUNTY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness identified? _____ Yes X No
 - Significant deficiency identified? _____ Yes X None Reported
3. Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

1. Internal control over major federal programs:
- Material weakness identified? _____ Yes X No
 - Significant deficiency identified? _____ Yes X None Reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of Major Federal Programs

Federal Assistance Listing Number

14.871

Name of Federal Program or Cluster

Section 8 Housing Choice Voucher Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

**MONROE COUNTY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).