

**THE HOUSING AUTHORITY OF THE
CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2019



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THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
The Housing Authority of the City of Key West, Florida
Key West, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the fiduciary fund of The Housing Authority of the City of Key West, Florida (the Authority) a component unit of the City of Key West, Florida, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of business-type activities and the fiduciary fund of the Authority as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions, and Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary financial data schedules (FDS) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards (SEFA), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The FDS and SEFA are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 14, 2020, 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 result 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 the Authority's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Lakeland, Florida
September 14, 2020

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019

As management of The Housing Authority of the City of Key West, Florida (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, 2019. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements.

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

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities as of December 31, 2019 by \$25,334,565 (net position).
- The Authority's total operating revenue was \$16,512,741 which consisted of tenant dwelling rentals for \$9,840,559, United States Department of Housing and Urban Development (HUD) grants in the amount of \$3,807,633, management fees of \$246,375 and other revenue of \$2,618,174.

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 deferred outflows of resources and liabilities and deferred inflows of resources 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 Revenues, 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.
- Certain prior year balances within the Management's Discussion and Analysis have been reclassified to conform to current year balances.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019

Overview of Financial Statements (Continued)

The attached analysis of net position, revenue, and expenses of the proprietary fund are detailed and provide a comprehensive portrayal of financial conditions and related trends. The analysis includes all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting.

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 and deferred outflows of resources) to what the Authority owes (liabilities and deferred inflow of resources). 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, Key West Housing Authority made the HUD-mandated transition to Project Based Asset Management. Essentially, this transition involved two significant changes:

- (1) Public Housing is now managed similarly to privately-owned housing development, including the payment of management and book-keeping 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 book-keeping fees, to be the management center of the housing authority.

At December 31, 2019, total assets and deferred outflows of resources were \$78,173,766; total current assets were \$11,383,178 including current restricted assets of \$497,075, which consists of cash for repayment of tenant security deposits and cash kept in reserve accounts for payment of long-term debt and future maintenance requirements. Net capital assets were \$66,018,063.

In addition, total liabilities and deferred inflows of resources were \$52,839,201 total current liabilities were \$3,146,367; including liabilities payable from restricted assets of \$456,056, and total long-term (noncurrent) liabilities were \$47,973,173 at December 31, 2019.

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Overview of Financial Statements (Continued)

Net Position – the difference between an organization's assets and deferred outflows of resources and its liabilities and deferred inflows of resources 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 whose use is subject to constraints imposed by law or agreement;

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

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019

Condensed Financial Information

Assets, Liabilities and Net Position

	December 31,			
	2019	2018	\$ Change	% Change
ASSETS				
Current Assets	\$ 10,886,103	\$ 9,536,606	\$ 1,349,497	14.15%
Current Restricted Assets	497,075	608,907	(111,832)	-18.37%
Net Capital Assets	66,018,063	66,698,445	(680,382)	-1.02%
Total Assets	77,401,241	76,843,958	557,283	0.73%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources - Pension	418,000	1,693,404	(1,275,404)	-75.32%
Deferred Outflows of Resources - OPEB	354,525	41,360	313,165	757.17%
Total Deferred Outflows of Resources	772,525	1,734,764	(962,239)	-55.47%
Total Assets and Deferred Outflows of Resources	<u>\$ 78,173,766</u>	<u>\$ 78,578,722</u>	<u>\$ (404,956)</u>	-0.52%
LIABILITIES				
Current Liabilities	\$ 3,146,367	\$ 2,136,514	\$ 1,009,853	47.27%
Current Liabilities				
Payable from Restricted Assets	456,056	439,972	16,084	3.66%
Non-Current Liabilities	47,973,173	50,974,532	(3,001,359)	-5.89%
Total Liabilities	51,575,596	53,551,018	(1,975,422)	-3.69%
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources - Pension	914,507	540,404	374,103	69.23%
Deferred Inflows of Resources - OPEB	349,098	97,152	251,946	N/A
Total Deferred Inflows of Resources	1,263,605	637,556	626,049	98.20%
NET POSITION				
Net Investment in Capital Assets	16,658,057	17,364,078	(706,021)	-4.07%
Restricted	41,019	168,935	(127,916)	-75.72%
Unrestricted	8,635,489	6,857,135	1,778,354	25.93%
Total Net Position	25,334,565	24,390,148	944,417	3.87%
Total Liabilities, Deferred Outflows of Resources and Net Position	<u>\$ 78,173,766</u>	<u>\$ 78,578,722</u>	<u>\$ (404,956)</u>	-0.52%

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019

Total assets increased by \$557,283 from the prior year. This is due to an increase of \$1,349,497 in current assets. This increase was mostly caused by an increase of \$2,000,000 in funding received during the current year.

Current liabilities and current liabilities payable from restricted assets increased by \$1,025,937. This was caused by an increase in accounts payable of \$778,996, primarily caused by payables related to the new construction of Garden View Apartments.

Noncurrent liabilities decreased by \$3,001,359. This decrease was mostly caused by payments on debt in the amount of \$1,428,160 and a decrease in Net Pension Liability of \$1,559,609.

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019

Revenue, Expenses and Changes in Net Position

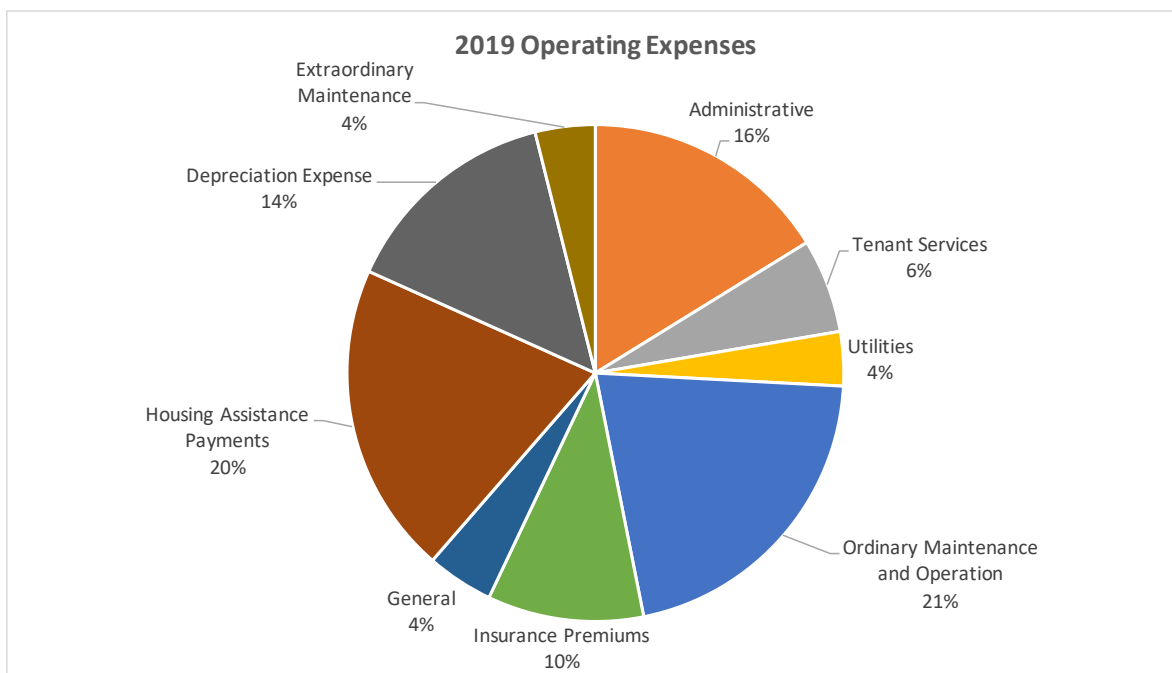
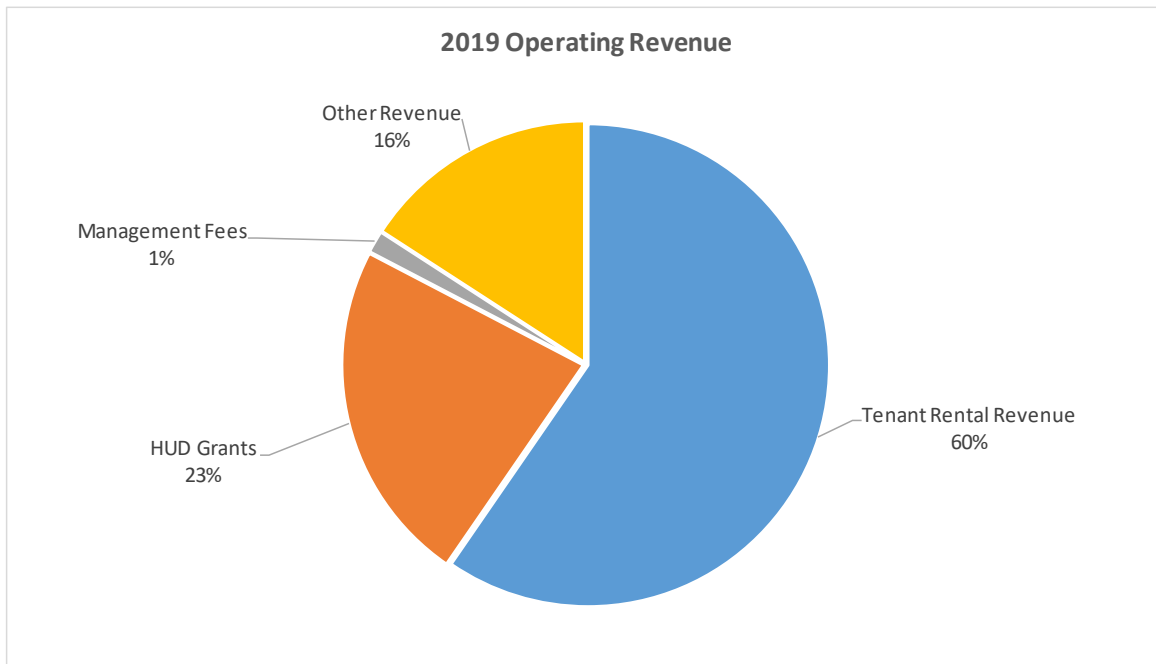
	Year Ended December 31,			
	2019	2018	\$ Change	% Change
OPERATING REVENUE				
Total Tenant Rental Revenue	\$ 9,840,559	\$ 8,865,623	\$ 974,936	11.00%
HUD Grants	3,807,633	3,736,467	71,166	1.90%
Management Fees	246,375	237,559	8,816	3.71%
Other Revenue	2,618,174	510,558	2,107,616	412.81%
Total Operating Revenue	16,512,741	13,350,207	3,162,534	23.69%
OPERATING EXPENSES				
Administrative	2,378,041	2,366,621	11,420	0.48%
Tenant Services	896,904	715,711	181,193	25.32%
Utilities	517,983	437,016	80,967	18.53%
Ordinary Maintenance and Operation	3,086,805	2,954,418	132,387	4.48%
Insurance Premiums	1,493,777	1,279,876	213,901	16.71%
General	637,253	679,363	(42,110)	-6.20%
Housing Assistance Payments	2,982,431	2,857,419	125,012	4.37%
Depreciation Expense	2,109,992	1,905,966	204,026	10.70%
Extraordinary Maintenance	574,009	52,048	521,961	1002.85%
Total Operating Expenses	14,677,195	13,248,438	1,428,757	10.78%
INCOME (LOSS) FROM OPERATIONS	1,835,546	101,769	1,733,777	1703.64%
NONOPERATING REVENUE (EXPENSE)				
Investment Income - Unrestricted	196,258	169,853	26,405	15.55%
Investment Income - Restricted	-	18	(18)	-100.00%
Gain on Sale of Capital Assets	3,102	2,433	669	N/A
Interest Expense	(1,435,004)	(1,143,816)	(291,188)	25.46%
Total Non-Operating Revenue (Expenses)	(1,235,644)	(971,512)	(264,132)	27.19%
Capital Grants	344,515	46,307	298,208	643.98%
CHANGE IN NET POSITION	944,417	(823,436)	1,767,853	-214.69%
Net Position - Beginning of Year	24,390,148	25,213,584	(823,436)	-3.27%
NET POSITION - END OF YEAR	<u>\$ 25,334,565</u>	<u>\$ 24,390,148</u>	<u>\$ 944,417</u>	3.87%

For the year ended December 31, 2019, overall operating revenue increased by \$3,162,534. This increase was primarily caused by an increase Tenant Rental Revenue of \$974,936 (due to change in demographic mix of tenants and the assisted living facility being fully operational in 2019) and an increase in Other Revenue of \$2,107,616 due to an increase in revenue received from Monroe County Land Authority.

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Revenue, Expenses and Changes in Net Position (Continued)

The total cost of operating expenses increased by \$1,428,757 or approximately 10.78%. This is primarily due to an increase in Extraordinary Maintenance of \$521,961, Insurance Premiums of \$213,901, Depreciation of \$204,026, and Tenant Service of \$181,193. In 2019, total operating revenue was \$16,512,741 while total operating expenses were \$14,677,195.



**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019**

Program/Activity Accounting

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

Authority's programs/activities:

- Public and Indian Housing (CFDA 14.850)
- Section 8 Housing Choice Vouchers (CFDA 14.871)
- Public Housing Capital Fund Program (CFDA 14.872)
- HOME Investments Partnerships Program (CFDA 14.239)
- Community Development Block Grants Disaster Recovery Grants (14.269)
- Other Business Activities
- Resident Opportunity and Supportive Services (CFDA 14.870)
- Pension Trust Fund

Future Events

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, businesses, and communities. Specific to the Authority, COVID-19 may impact various parts of its 2020 operations and financial results, including increased expenses related to Housing Assistance Payments. Management believes the Authority is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

During the fiscal year, the Authority also began development of Garden View Apartments, a community which will host approximately 104 workforce affordable housing units. The project is expected to be completed by mid-year 2022.

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 higher 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 Irma related damages and impact upon the rental market.

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019

Operational Metrics

During the fiscal year, the Authority noted the following metrics as they relate to occupancy, tenant revenue, and housing assistance revenue and payments.

Affordable Housing Occupancy Data by Program				
	2019	2018	Change	% Change
Public Housing Program				
Unit Months Available	7,068	6,468	600	9.28%
Unit Months Leased	6,960	6,324	636	10.06%
Occupancy	98.47%	97.77%	0.70%	0.71%
HOME Investments				
Partnerships Program				
Unit Months Available	336	336	-	0.00%
Unit Months Leased	317	318	(1)	-0.31%
Occupancy	94.35%	94.64%	-0.30%	-0.31%
Other Business Activities				
Unit Months Available	5,508	5,004	504	10.07%
Unit Months Leased	4,435	4,132	303	7.33%
Occupancy	80.52%	82.57%	-2.05%	-2.49%
TOTAL				
Unit Months Available	12,912	11,808	1,104	9.35%
Unit Months Leased	11,712	10,774	938	8.71%
Occupancy	90.71%	91.24%	-0.54%	-0.59%

Due to the high demand for affordable housing units in Key West, the Authority expects for overall affordable housing occupancy to remain high for the foreseeable future. Public Housing occupancy increased by .70%, due to approximately 50 units coming online for the Senior Citizen Plaza during the fiscal year. Other Business Activities occupancy decreased by 2.05%. Although units increased for Poinciana Gardens Senior Living, the facility is still new and leasing is expected to increase in the coming years.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019

Operational Metrics (Continued)

Tenant Rent Data by Program				
	2019	2018	Change	% Change
Public Housing Program				
Tenant Revenue	\$ 3,352,371	\$ 3,047,778	\$ 304,593	9.99%
Unit Months Leased	6,960	6,324	636	10.06%
Average Tenant Rent	\$ 481.66	\$ 481.94	\$ (0.28)	-0.06%
HOME Investments				
Partnerships Program				
Tenant Revenue	\$ 264,352	\$ 226,339	\$ 38,013	16.79%
Unit Months Leased	317	318	(1)	-0.31%
Average Tenant Rent	\$ 833.92	\$ 711.76	\$ 122.16	17.16%
Other Business Activities				
Tenant Revenue	\$ 6,242,998	\$ 5,626,973	\$ 616,025	10.95%
Unit Months Leased	4,435	4,132	303	7.33%
Average Tenant Rent	\$ 1,407.67	\$ 1,361.80	\$ 45.86	3.37%
TOTAL				
Tenant Revenue	\$ 9,859,721	\$ 8,901,090	\$ 958,631	10.77%
Unit Months Leased	11,712	10,774	938	8.71%
Average Tenant Rent	\$ 841.85	\$ 826.16	\$ 15.68	1.90%

Tenant revenue is expected to increase or decrease in response to changes in unit months leased. However, tenant revenue is also dependent on tenant income, which can vary from year to year based on individual or economic factors. Average rent increased for affordable housing units by 1.9% during the fiscal year. This is mainly attributable to an increase in HOME program average tenant rent of 17.16% and an increase in Other Business Activities average tenant rent of 3.37%.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2019

Operational Metrics (Continued)

Housing Choice Voucher Program Metrics				
	2019	2018	Change	% Change
Occupancy				
Unit Months Available	3,048	3,048	-	0.00%
Unit Months Leased	2,830	2,694	136	5.05%
Occupancy	92.85%	88.39%	4.46%	5.05%
HAP Revenue				
HAP Revenue	\$ 2,909,864	\$ 2,969,006	\$ (59,142)	-1.99%
Unit Months Leased	2,830	2,694	136	5.05%
Average HAP Revenue	\$ 1,028.22	\$ 1,102.08	\$ (73.86)	-6.70%
HAP Expense				
HAP Expense	\$ 2,982,431	\$ 2,857,419	\$ 125,012	4.37%
Unit Months Leased	2,830	2,694	136	5.05%
Average HAP Expense	\$ 1,053.86	\$ 1,060.66	\$ (6.80)	-0.64%

The Housing Choice Voucher Program is limited by HUD funding and impacted by the local rental market. Due to increased rental rates and based on current HUD funding, the maximum vouchers able to be utilized is approximately 85-95%. During the fiscal year, 100% of HUD funding was utilized.

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
STATEMENT OF NET POSITION
DECEMBER 31, 2019

**ASSETS AND DEFERRED OUTFLOWS
OF RESOURCES**

CURRENT ASSETS

Cash - Unrestricted	\$ 9,437,173
Cash - Restricted - Other	41,019
Cash - Restricted - Tenant Security Deposits	456,056
Receivables, Net	725,228
Inventories, Net Allowance of \$11,429	102,862
Prepaid Expenses	620,840
Total Current Assets	<u>11,383,178</u>

NONCURRENT ASSETS

Capital Assets Not Being Depreciated	12,507,716
Capital Assets Being Depreciated, Net	<u>53,510,347</u>
Net Capital Assets	<u>66,018,063</u>

Total Assets	77,401,241
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources - Pension Related Items	418,000
Deferred Outflows of Resources - OEPB Related Items	<u>354,525</u>
Total Deferred Outflows of Resources	<u>772,525</u>

Total Assets and Deferred Outflows of Resources	<u><u>\$ 78,173,766</u></u>
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THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2019

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND NET POSITION**

CURRENT LIABILITIES

Accounts Payable	\$ 1,202,405
Accrued Liabilities	135,897
Accrued Compensated Absences, Current Portion	43,728
Accounts Payable - HUD PHA Programs	11,621
Accounts Payable - Other Government	101,290
Current Portion of Long-Term Debt	1,493,217
Unearned Revenue	49,406
Other Current Liabilities	21,220
Current Portion of OPEB Liability	87,583
Total Current Liabilities	<u>3,146,367</u>

CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Tenant Security Deposits	456,056
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NONCURRENT LIABILITIES - OTHER

Long-Term Debt, Net of Current Portion	46,412,990
Accrued Compensated Absences, Net of Current Portion	393,541
Net Pension Liability	107,447
Total OPEB Liability	<u>1,059,195</u>
Total Noncurrent Liabilities	<u>47,973,173</u>

Total Liabilities	51,575,596
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources - Pension Related Items	914,507
Deferred Inflows of Resources - OPEB Related Items	<u>349,098</u>
Total Deferred Inflows of Resources	1,263,605

NET POSITION

Net Investment in Capital Assets	16,658,057
Restricted	41,019
Unrestricted	<u>8,635,489</u>
Total Net Position	<u>25,334,565</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 78,173,766</u></u>
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**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019**

OPERATING REVENUES

Net Tenant Revenue	\$ 9,840,559
Operating Grants and Subsidies - HUD	3,807,633
Management and Bookkeeping Fees	246,375
Other Revenue	<u>2,618,174</u>
Total Operating Revenues	<u>16,512,741</u>

OPERATING EXPENSES

Administrative	2,378,041
Tenant Services	896,904
Utilities	517,983
Maintenance and Operations	3,086,805
Insurance Premiums	1,493,777
General Expenses	637,253
Housing Assistance Payments	2,982,431
Depreciation Expense	2,109,992
Extraordinary Maintenance	<u>574,009</u>
Total Operating Expenses	<u>14,677,195</u>

INCOME FROM OPERATIONS

1,835,546

NONOPERATING REVENUES (EXPENSES)

Investment Income - Unrestricted	196,258
Gain on Sale of Assets	3,102
Interest Expense	<u>(1,435,004)</u>
Total Nonoperating Revenues (Expenses)	<u>(1,235,644)</u>

(LOSS) BEFORE CAPITAL GRANTS

599,902

CAPITAL GRANTS

344,515

CHANGE IN NET POSITION

944,417

Net Position - Beginning of Year

24,390,148

NET POSITION - END OF YEAR

\$ 25,334,565

See accompanying Notes to Financial Statements.

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts:

Dwelling Rent Receipts	\$ 9,843,926
Operating Subsidies and Grant Receipts	3,454,887
Other Income Receipts	<u>2,910,349</u>
Total Receipts	16,209,162

Disbursements:

Payments to and Benefits for Employees	4,693,315
Payments to Suppliers	3,914,257
Payments to Landlords	<u>2,975,386</u>
Total Disbursements	<u>11,582,958</u>

Net Cash Provided by Operating Activities	4,626,204
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Interest Paid on Capital Debt	(1,435,004)
Purchase of Capital Assets	(1,433,864)
Payment of Debt Principal	(1,428,160)
Capital Grant Receipts	344,515
Proceeds from sale of Capital Assets	<u>7,356</u>
Net Cash Used by Capital and Related Financing Activities	<u>(3,945,157)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	<u>196,258</u>
Net Cash Provided by Investing Activities	<u>196,258</u>

NET INCREASE IN CASH	877,305
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Cash - Beginning of Year	<u>9,056,943</u>
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CASH - END OF YEAR	<u><u>\$ 9,934,248</u></u>
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REPORTED AS:

Cash - Unrestricted	\$ 9,437,173
Cash - Restricted - Other	41,019
Cash - Restricted - Tenant Security Deposits	<u>456,056</u>
Total Cash - End of Year	<u><u>\$ 9,934,248</u></u>

See accompanying Notes to Financial Statements.

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

**RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY
OPERATING ACTIVITIES**

Income from Operations	\$ 1,835,546
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	2,109,992
Allowance for Doubtful Accounts	3,250
Inventory Allowance	(481)
(Increase) / Decrease in Assets and Deferred Outflows:	
Accounts Receivables - Tenants	(51,921)
Accounts Receivables - HUD Other Projects	(352,746)
Accounts Receivables - Miscellaneous	9,508
Accounts Receivables - Other Governments	51,236
Inventories	4,811
Prepaid Expenses and Other Current Assets	(24,017)
Deferred Outflows of Resources - Pension Related	1,275,404
Deferred Outflows of Resources - OPEB Related	(313,165)
Increase / (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	804,865
Accounts Payable - Other Governments	24,120
Accounts Payable - HUD PHA Programs	7,045
Accrued Wage/Payroll Taxes Payable	(1,984)
Accrued Compensated Absences	19,163
Unearned Revenue	21,010
Tenant Security Deposits	16,084
Other Current Liabilities	108,803
Total Other Post Employment Benefits Liability	13,241
Net Pension Liability	(1,559,609)
Deferred Inflows of Resources - Pension Related	374,103
Deferred Inflows of Resources - OPEB Related	251,946
	<hr/>
Net Cash Provided by Operating Activities	<u><u>\$ 4,626,204</u></u>

See accompanying Notes to Financial Statements.

REMAINING FUND INFORMATION

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST FUND
DECEMBER 31, 2019**

ASSETS

CURRENT ASSETS

Cash	\$ 62,739
Investments:	
Money Market Funds	2,043
Mutual Funds	12,404,777
Total Investments, at Fair Value	<u>12,406,820</u>
Receivables:	
Accrued Income	6,813
Participant Loans	44,667
Total Receivables	<u>51,480</u>
Prepaid Expenses	<u>3,256</u>
Total Current Assets	<u><u>\$ 12,524,295</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$ 875
Due to Primary Government	15,964
Total Current Liabilities	<u>16,839</u>

NET POSITION RESTRICTED FOR PENSION BENEFITS

	<u>12,507,456</u>
Total Liabilities and Net Position	<u><u>\$ 12,524,295</u></u>

See accompanying Notes to Financial Statements.

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND
YEAR ENDED DECEMBER 31, 2019

ADDITIONS

Employer Contributions	\$ 363,806
Investment Income:	
Net Change in Fair Value of Investments	1,842,769
Interest	3,109
Dividends	441,920
Total Investment Income	<u>2,287,798</u>
Less: Investment Expenses	84,784
Net Investment Income	<u>2,203,014</u>
Total Additions	2,566,820

DEDUCTIONS

Benefits Paid to Participants	455,308
Administrative Fees	23,598
Total Deductions	<u>478,906</u>

CHANGE IN NET POSITION

2,087,914

Net Position - Beginning of Year

10,419,542

NET POSITION - END OF YEAR

\$ 12,507,456

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Housing Authority of the City of Key West, Florida (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 Key West, 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 Governmental Accounting Standards Board 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, is legally separate and is fiscally independent of other state or local governments.

However, for financial reporting purposes, the City of Key West, Florida (the City) considers the Authority to be a component unit because the Mayor, with the approval of the City Commission, appoints the members of the Board of Commissioners of the Authority in accordance with Florida Statute Chapter 421.

In determining how to define the reporting entity, management of the Authority has considered all potential component units. The determination to include a component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. 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.

Based on the application of these criteria, the Authority has one component unit. The pension plan statements are separately issued financial statements that are included as a fiduciary fund of the primary government.

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Organizations

The Authority has contracts with certain other entities whereby the Authority provides management services and has managerial control of the entities' assets and operations. The Authority maintains all of the accounting records for such entities and has the authority to execute all transactions, including the check signing authority. However, all of these actions are taken at the direction of the respective governing boards. These entities include the following:

Monroe County Housing Authority and its Component Unit

Monroe County Housing Authority (MCHA) is also considered to be a related organization of the Authority since the Authority provides management services and has operational control of MCHA's assets and operations. The Authority maintains all of the accounting records for MCHA and has the authority to execute all transactions, including the check signing authority. However, all of these actions are taken at the direction of and subject to approval by MCHA's Board of Commissioners.

MCHA has two component units according to the criteria established by the Governmental Accounting Standards Board. The Authority performs the same services for these entities as it does for MCHA. These entities are as follows:

Monroe County Housing Corporation, Inc. (MCHC) is a corporation not for profit organized under Chapter 617 of the Florida Statutes. MCHC was established by MCHA as an agency or instrumentality of MCHA. 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 MCHA. All such activities are subject to approval of and use by MCHA. MCHC is fiscally dependent on MCHA and is, therefore, considered to be a component unit of MCHA.

Marathon Housing Associates, LTD. (MHA) is a limited partnership duly formed in the State of Florida. MCHA and MCHC are the managing general partner and fiscal general partner, respectively. During fiscal year 2019, MCHA and MCHC obtained majority ownership of MHA, therefore, MHA is now considered to be a blended component unit of MCHA.

The above entities are not considered to be component units of the Authority because they have independent governing boards; the Authority is not financially accountable for their activities as it cannot impose its will on these entities and there is no potential for these entities to provide financial benefit to or impose financial burdens on the Authority.

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

Enterprise Fund

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.

Pension Trust Fund

The Authority maintains a pension trust fund which is accounted for in essentially the same manner as a proprietary fund on the accrual basis of accounting.

The Pension Plan uses the accrual basis of accounting. The Pension Plan accounting 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.

Employer contributions (\$363,806 for the year ended December 31, 2019) are recognized in the period in which the contributions are due and when the Authority has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Pension Plan.

The Pension Plan does not have any long-term contracts for contributions.

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

These programs/activities are as follows:

HOME Investments Partnerships Program (CFDA 14.239)

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

Public and Indian Housing (CFDA 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.

Section 8 Housing Choice Voucher (CFDA 14.871)

This 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.

Public Housing Capital Fund (CFDA 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.

Resident Opportunity and Supportive Services Program (CFDA 14.870)

This program accounts for the activities of the Authority associated with assisting residents in becoming economically self-sufficient.

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program/Activity Accounting (Continued)

Community Development Block Grants Disaster Recovery Grants (CFDA 14.269)

Community Development Block Grant program fund are for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting after a major disaster declaration.

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 list of properties are as follows: Poinciana Complex, Key Plaza Site B (a/k/a Roosevelt C. Sands Jr Housing Complex), Roosevelt Gardens Complex, Old Town Housing Apartments, 3rd & Patterson, Washington Street, and Poinciana Gardens Senior Living Units.

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.

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, pay housing assistance payments to landlords 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.

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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 and improvements 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.

Compensated Absences

KWHA'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 384 unused sick leave and 288 unused annual (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 received in advance and funding for certain grants that were received in advance.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the Pension Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB Liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Housing Authority's Retiree Health Care Plan (HARHCP) and additions to/deductions from the HARHCP fiduciary net position have been determined on the same basis as they are reported by the HARHCP. For this purpose, the HARHCP recognizes benefit payments when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources

Deferred inflows and deferred outflows of resources relate to the Authority's Pension Plan and the HARHCP. Potential components of deferred inflows and outflows of resources include the differences between expected and actual experiences, changes in actuarial assumptions, and the net difference between projected and actual investment earnings.

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The amounts will be recognized as increases in pension and OPEB expense in future years.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The amounts will be recognized as decreases in pension and OPEB expense in future years.

Operating and Nonoperating Revenue 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 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.

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.

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.

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Income Taxes

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources 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.

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

Unrestricted Net Position – All other assets that do not meet the definition of "restricted" or "net investment in capital assets".

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

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, 2019, the Authority did not have any cash equivalents.

Inventory

Inventory consists of materials and is valued at the lower of cost or market determined on the first-in-first-out basis using the weighted average method.

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Authority's proprietary fund does not have a formal policy for custodial credit risk.

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.

At December 31, 2019, the Authority's enterprise fund book balance of cash was \$9,934,248 and the bank balance was \$10,047,927 and the Authority's Pension Trust Fund book balance of cash was \$62,739 and the bank balance was \$62,780.

The Authority's investments are 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.

The investments held in the Pension Trust Fund are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. All investments of the Plan are held in a trust account with a financial institution that has been established to hold plan assets. The financial institution's accounts are insured by Securities Investor Protection Corporation (SIPC). The concerned financial institution has also obtained additional protection for the remaining net equity balance. The following was the board's adopted asset allocation policy as of December 31, 2019:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap Equity	40.00 %
International Equity	20.00
Fixed Income	20.00
Absolute Return	20.00
Total	<u>100.00 %</u>

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Deposits (Continued)

As of December 31, 2019, the Pension Trust Fund had the following investments and maturities:

Type of Investments	Fair Value	Maturity Less Than One Year
Equity Mutual Funds:		
Vanguard 500 Index Fund	\$ 2,384,494	\$ 2,384,494
Vanguard Total International Stock Index	1,154,102	1,154,102
Vanguard Dividend Growth Fund	2,616,670	2,616,670
Vanguard Small Cap Index	1,184,489	1,184,489
Total Equity Mutual Funds	7,339,755	7,339,755
Fixed Income Mutual Funds:		
PIMCO Investment Fund	818,833	818,833
PIMCO Investment Grade Corporate	906,341	906,341
Dodge & Cox Income Fund	828,046	828,046
Total Fixed Income Mutual Funds	2,553,220	2,553,220
Absolute Return Funds:		
PIMCO All Asset Fund	1,245,454	1,245,454
Columbia Adaptive Risk Allocation Fund	1,266,348	1,266,348
Total Absolute Return Funds	2,511,802	2,511,802
Money Market:		
Goldman Sach Fin Sq Tr	2,043	2,043
Total Investments	<u>\$ 12,406,820</u>	<u>\$ 12,406,820</u>

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NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The Pension Trust Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates.

Concentration of Credit Risk

The Pension Trust Fund did not hold any investments (other than those investments in mutual funds) in any one issuer that represented 5% or more of total investments.

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

Level 1 – Investments reflect prices quoted in active markets for identical assets or liabilities.

Level 2 – Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include input in markets that are not considered to be active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Investments reflect prices based upon unobservable sources.

Investments whose values are based on quoted market prices in active markets, and are therefore classified as Level 1, primarily include those assets that are traded daily in public markets in the United States. The fair value of these investments is based on the last reported sales price on the last day of the fiscal year.

Investments that trade in markets that are not considered to be actively traded on a daily basis, but are valued based on quoted market prices, dealer and broker quotations, bid prices, or alternative pricing sources using observable inputs, are classified within Level 2. Inputs used in fair value measurement should be consistent with the inputs that market participants would use in pricing the asset or liability. These include U.S. Government obligations, investment grade corporate bonds, and bank loans, certain mortgage and asset backed securities, less liquid listed securities and certain government agency securities. For example, inputs other than quoted prices, which provide a reasonable basis for fair value determination may include interest rates and yield curves, volatilities, prepayment speeds, credit risks and default rates. The fair value of these investments is based upon the last reported observable input(s) on the last day of the fiscal year.

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NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

Investments classified Level 3 have significant unobservable inputs, as they traded infrequently or not at all. Level 3 investments include private equity funds, real estate investment, limited partnerships, certain mortgages and asset backed and common and collective trust funds that are primarily real estate. The fair value of these investments is determined by estimations provided by independent pricing sources in asset classes, nonbinding prices from industry vendors and managers, and the net asset value on the last day of the fiscal year.

	Fair Value Measurements			December 31, 2019
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments Measured by Fair Value Level				
Vanguard 500 Index Fund	\$ -	\$ 2,384,494	\$ -	\$ 2,384,494
Vanguard Total International Stock Index	-	1,154,102	-	1,154,102
Columbia Adaptive Risk Allocation Fund	-	1,266,348	-	1,266,348
Vanguard Dividend Growth Fund	-	2,616,670	-	2,616,670
Vanguard Small Cap Index	-	1,184,489	-	1,184,489
PIMCO Investment Fund	-	818,833	-	818,833
PIMCO Investment Grade Corporate	-	906,341	-	906,341
PIMCO All Asset Fund	-	1,245,454	-	1,245,454
Dodge & Cox Income Fund	-	828,046	-	828,046
Goldman Sach Fin Sq Tr	-	2,043	-	2,043
Total Investments by Fair Value Level	<u>\$ -</u>	<u>\$ 12,406,820</u>	<u>\$ -</u>	<u>\$ 12,406,820</u>

NOTE 3 ACCOUNTS RECEIVABLE

As of December 31, 2019, the Proprietary Fund accounts receivable consisted of the following:

	Amount
Tenant Accounts Receivable:	
Dwelling Rents	\$ 86,726
Allowance for Doubtful Accounts - Dwelling Rents	(3,482)
Net Tenant Accounts Receivables	<u>83,244</u>
Amounts Due from Other Governments:	
U.S. Department of Housing and Urban Development	432,933
Other Governments	190,960
Due from Fiduciary Fund	15,964
Total Amounts Due from Other Governments	<u>639,857</u>
Accounts Receivable - Miscellaneous	<u>2,127</u>
Total Receivables	<u>\$ 725,228</u>

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NOTE 3 ACCOUNTS RECEIVABLE (CONTINUED)

As of December 31, 2019, the Pension Trust Fund accounts receivable consisted of the following:

	Amount
Accounts Receivable - Miscellaneous	\$ 44,667
Accrued Interest Receivable	6,813
Total Receivables	<u>\$ 51,480</u>

NOTE 4 CAPITAL ASSETS

The changes in capital assets for the year ended December 31, 2019 were as follows:

	Beginning Balance	Additions	Deletions	Other Adjustments	Ending Balance
Nondepreciable Capital Assets:					
Land	\$ 11,523,552	\$ -	\$ -	\$ -	\$ 11,523,552
Construction in Progress	-	984,164	-	-	984,164
Total Nondepreciable Capital Assets	11,523,552	984,164	-	-	12,507,716
Depreciable Capital Assets:					
Buildings	86,532,373	295,000	-	-	86,827,373
Infrastructure	1,206,645	-	-	-	1,206,645
Administrative Equipment	2,165,527	154,700	150,101	-	2,170,126
Total Depreciable Capital Assets	89,904,545	449,700	150,101	-	90,204,144
Accumulated Depreciation:					
Buildings	32,860,660	1,917,366	-	-	34,778,026
Infrastructure	479,886	163,413	(145,847)	-	497,452
Administrative Equipment	1,389,106	29,213	-	-	1,418,319
Total Accumulated Depreciation	34,729,652	2,109,992	(145,847)	-	36,693,797
Total Capital Assets, Being Depreciated, Net	55,174,893	(1,660,292)	4,254	-	53,510,347
Capital Assets, Net	<u>\$ 66,698,445</u>	<u>\$ (676,128)</u>	<u>\$ 4,254</u>	<u>\$ -</u>	<u>\$ 66,018,063</u>

On November 3, 2011, the Authority entered into a 99-year lease with Habitat for Humanity to lease a parcel of land in Key West, Florida. The land is recorded at a cost of \$775,000.

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NOTE 5 CHANGES IN LONG-TERM LIABILITIES

The Authority has several notes and bond issues outstanding as of December 31, 2019. These obligations represent fixed liabilities of the concerned projects. In addition, the Authority has a liability for compensated absences, Other Postemployment Benefits (OPEB) (Note 8), and net pension liability (see Note 7). The following is a summary of the changes in all such liabilities for the year ended December 31, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Notes	\$ 44,217,303	\$ -	\$ 1,347,255	\$ 42,870,048	\$ 1,408,545
Notes Payable	5,117,064	-	80,905	5,036,159	84,672
Compensated Absences	418,106	62,358	43,195	437,269	43,728
Total	<u>\$ 49,752,473</u>	<u>\$ 62,358</u>	<u>\$ 1,471,355</u>	<u>\$ 48,343,476</u>	<u>\$ 1,536,945</u>

NOTE 6 REVENUE NOTES AND NOTES PAYABLE

COCC Loan – Eisenhower Land

The Authority entered into two mortgage notes on November 3, 2011, which are noninterest bearing and nonamortizing.

The mortgage notes were issued by Monroe County Comprehensive Plan Land Authority in the principal amounts of \$225,000 and \$550,000. The principals will be forgiven on November 3, 2041 if the covenants of the agreement are met. There is no indication of collateral based on review of mortgage statements, however certain affordability requirements are required in accordance with loan agreement.

Business Activity Loan

On April 26, 2018, the Authority entered into an inter-company loan between the Jack T. Murray Senior Housing Complex and the Poinciana Apartments in the amount of \$382,572. The proceeds of which were used to retire the HOME Loan. The outstanding balance as of December 31, 2019 is \$382,572.

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NOTE 6 REVENUE NOTES AND NOTES PAYABLE (CONTINUED)

Affordable Housing Programs

Key Plaza Site B

On November 24, 2009, the Authority entered into a mortgage with Monroe County Comprehensive Plan Land Authority in the principal amount of \$1,500,000 in order to acquire the housing complex known as Key Plaza Site B. The note is noninterest bearing and is due on November 1, 2034. The note is collateralized by the land.

On November 1, 2009, the Authority issued a Housing Revenue Bond, Series 2009 to a local banking institution in the principal amount of \$2,900,000 in order to demolish the existing structures and construct new rental units on the site. The Authority granted a first mortgage to the bank to collateralize the bond with the underlying land, project improvements, and property located on the land. The bond bears interest at 4.00% for the construction period, in which only interest payments are due. Then interest and principal payments are payable at 4.00% for the next 3 years. The interest rate will be adjusted to 4.75% for the next 3 years. At the end of the seventh year, the bank at its sole discretion may permit the interest to remain unchanged for any consecutive one-year period or offer the borrower a new interest. If the Authority does not agree to the new interest rate the Authority must pay off the loan within six months of the offer. The bond will be amortized over 25 years with a maturity date of November 1, 2035. The current interest rate of the bond is 3.50% and the outstanding balance as of December 31, 2019 is \$1,308,331.

Roosevelt Gardens

On April 1, 2012, the Authority entered into a Commercial Real Estate Loan in the principal amount of \$9,395,000 in order to refinance a Multifamily Housing Revenue Note.

Principal and interest payments are based on a 25-year amortization schedule. A 10-year call exists at which time the loan's interest rate will be renegotiated. If a new rate is not agreed upon, the loan will become payable and due. The notes are collateralized by the land, project improvements and property located on the land. The outstanding balance as of December 31, 2019 is \$7,415,658.

Roosevelt Gardens also has a loan from the COCC. This loan is eliminated in the basic financial statements. The balance of this loan at December 31, 2019 is \$175,803.

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NOTE 6 REVENUE NOTES AND NOTES PAYABLE (CONTINUED)

Affordable Housing Programs (Continued)

Poinciana Complex

On January 6, 2004, the Authority also issued a second mortgage note to Monroe County Comprehensive Plan Land Authority in the principal amount of \$2,210,000 in order to facilitate the acquisition of the Poinciana Complex. During fiscal year 2015, the Authority allocated 2.01 of the 21.61 acres to Poinciana Gardens Senior Living Facility. This land and the associated loan balance is valued at \$210,262 and the remaining 19.60 acres was allocated to the Poinciana Complex and is valued at \$1,999,738. The note is noninterest bearing and is due on January 6, 2034. The note is collateralized by the land, project improvements and property located on the land. The primary terms relate to operating the complex for affordable housing purposes by renting the units to low-income families.

On May 7, 2014, the Authority refunded the Authority's Housing Revenue Note Series 2003, which was used to acquire the housing complex known as Poinciana, with Multifamily Housing Revenue Refunding Note Series 2014A (\$10,000,000) and 2014B (\$2,000,000) (taxable). The Multifamily Housing Revenue Refunding Note Series 2014A has a 3.5% interest rate and is amortized over a 20-year basis with a 10-year maturity date. The Multifamily Housing Revenue Refunding Note Series 2015B is a taxable revenue note with an interest rate of 5.3%, amortized over a 20-year basis with a 10-year maturity date. The outstanding balance as of December 31, 2019 is \$7,914,347 for the 2014A and \$1,657,283 for the 2014B.

Washington Street

On July 6, 2010, the Authority acquired a 16-unit multifamily complex through the issuance of its Multifamily Housing Revenue Bonds, Series 2010 to a local banking institution in the principal amount of \$1,759,000. The bond bears interest at 4.50% and the principal is to be amortized over 20 years. The bond is due on August 1, 2030. In addition, the Authority borrowed \$1,636,000 (two notes) from the Monroe County Comprehensive Plan Land Authority in order to acquire the property. These loans do not bear interest and mature in 30 years. The entire loan balance for the second note (\$800,000) will be forgiven in 30 years provided that the property is not sold and maintained to serve low-income tenants. The outstanding balance as of December 31, 2019 is \$1,125,162 and \$1,636,000, respectively.

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NOTE 6 REVENUE NOTES AND NOTES PAYABLE (CONTINUED)

Affordable Housing Programs (Continued)

Poinciana Gardens Senior Living Facility

On September 1, 2015, the Authority issued Housing Revenue Note (Poinciana Gardens Senior Living Facility) Series 2015A for \$8,000,000 and Taxable Housing Revenue Note (Poinciana Gardens Senior Living Facility) Series 2015B for \$13,500,000. The proceeds from this note were used to pay for the cost of construction of a senior living facility and pay the costs of issuing the Note. The Series 2015A note has an interest rate of 2.9%, with interest payments beginning on November 1, 2015 and principal and interest payments beginning on November 1, 2018 based on a 28-year amortization schedule. The Series 2015B note has an interest rate of 4.74%, with interest payments beginning on November 1, 2015 and principal and interest payments beginning on November 1, 2018 based on a 28-year amortization schedule. The maturity date of these notes is October 1, 2045.

On December 13, 2016, the Authority refinanced \$10,000,000 of the Series 2015B. The Series 2016 Note has an interest rate of 2.90% with interest only beginning the date of issuance for approximately 10 months. Principal and interest payments beginning November 1, 2018 with a 28-year amortization commence immediately following the interest only period. As of December 31, 2019, the outstanding balance of the 2015A Note is \$7,781,377 and \$1,255,486 for the 2015B Note and \$9,729,943 for Series 2016. In 2015, the Authority allocated 2.01 of the 21.61 acres to Poinciana Gardens Senior Living Facility. The land and associated loan is recorded at \$210,262 as of December 31, 2019.

On October 24, 2017, the Authority entered into a \$2,216,644 Housing Revenue Note (Series 2017) with a local banking institution. The proceeds from this note were used to pay for the cost of construction of a senior living facility and then pay the costs of issuing the note. The note is a tax-exempt note and bears a 2.90% interest rate. The initial 10 months the note shall be interest only, which interest accrues on the principal amount outstanding. Then commencing on November 1, 2018, payments of principal and interest shall be due and payable based on a 27 year amortization period. The note is collateralized by the senior living facility. The outstanding balance as of December 31, 2019 is \$2,157,956.

Jack T. Murray Senior Housing Complex

On April 1, 2018, the Authority entered into a \$1,500,000 Multifamily Housing Revenue Note (Series 2018) with a local banking institution. The proceeds from this note were used to retire the HOME Loan that was provided by the Florida Housing Finance Corporation. The loan has an interest rate of 3.50% and a maturity date of May 1, 2028. The outstanding balance as of December 31, 2019 is \$1,439,659.

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NOTE 6 REVENUE NOTES AND NOTES PAYABLE (CONTINUED)

Affordable Housing Programs (Continued)

As of December 31, 2019, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending December 31,	Revenue Notes		Notes Payable	
	Principal	Interest	Principal	Interest
2020	\$ 1,373,653	\$ 1,398,488	\$ 84,671	\$ 49,547
2021	1,425,353	1,346,790	88,613	45,604
2022	1,477,050	1,295,091	92,739	41,479
2023	1,530,689	1,241,455	97,057	138,459
2024	8,399,780	1,061,335	101,576	32,642
2025-2029	6,472,245	3,984,199	583,432	87,706
2030-2034	6,236,383	2,856,674	1,577,071	1,177
2035-2039	8,942,484	1,517,553	-	-
2040-2044	5,023,409	702,311	2,411,000	-
Thereafter	1,989,002	39,251	-	-
Total	<u>\$ 42,870,048</u>	<u>\$ 15,443,145</u>	<u>\$ 5,036,159</u>	<u>\$ 396,613</u>

NOTE 7 RETIREMENT PLAN

The Authority has a single-employer defined benefit pension plan, Retirement System for Employees of The Housing Authority of the City of Key West, Florida (the Pension Plan), that is administered by the Authority. All full-time employees of the Authority shall become members of the pension plan immediately upon employment.

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

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

The Authority has the ability to amend the provisions of the Pension Plan.

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NOTE 7 RETIREMENT PLAN (CONTINUED)

Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	39
Inactive Employees Entitled to but not yet Receiving Benefits	14
Deferred Retirement Option Program Participants	6
Active Employees	<u>51</u>
Total	<u><u>110</u></u>

Benefits

The Pension Plan provides retirement, termination, disability, and death benefits.

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

The normal retirement benefit is determined based on the member's average final compensation (the average of the base pay received by a member during the highest 5 of the last 10 years of service immediately prior to termination of service. The benefit is determined by applying an amount equal to one and eighty-five one hundredths percent (1.85%) of average final compensation times years of credited service.

Early Retirement Benefits – Early retirement benefits are equal to 1.85% of the average final compensation times years of credited service times the member's vested percentage. The termination benefit shall be paid to a member beginning the first day of the month after the later of (i) the date the member attains age 60 or (ii) the date of the member's termination of service occurs after the member has (i) attained age 55 with 15 years of credited service or (ii) attained 20 years of credited service, regardless of age, may elect, instead, to receive a reduced amount beginning on the first day of the month following his termination of service which is equal to his termination of retirement benefit reduced by 5% for each year the benefit is to be paid prior to the date the member would have attained age 60.

Disability Benefits – Each member who becomes disabled, after having at least five years of credited service, may, upon application and proof of disability, evidenced by the proof of a final determination of disability by the Social Security Administration, receive a disability retirement benefit instead of a termination retirement benefit. These benefits shall be an amount equal to the greater of (i) 1.85% of average actual base pay paid to the member for the three years immediately preceding disability, multiplied by the member's years of credited service or (ii) twenty percent (20%) of the average actual base pay paid to the member for the three years immediately preceding disability. This benefit shall be paid regardless of whether the disability was service connected.

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NOTE 7 RETIREMENT PLAN (CONTINUED)

Benefits (Continued)

Death Benefits – If a member dies and worker's compensation death benefits become payable, the surviving spouse, if any, or if none then the member's children under the age of 19 shall be paid a benefit as follows:

The surviving spouse shall be paid an annual benefit equal to 75% of the projected retirement benefit which such member would have received had they continued employment until their normal retirement date at their current rate of pay. A spouse with children under 19 years of age shall receive 100% of the projected retirement benefit such member would have received. The benefit shall cease if the surviving spouse remarries.

If the member is survived by any child who is under 19 years of age, the surviving spouse, or if none or if the spouse later dies, then the children under age 19 shall be paid an annual benefit equal to the full normal retirement benefit the member would have received if they had continued as an employee at the same rate of pay in effect at death until they would have first become eligible for a normal retirement benefit. When the member's youngest living child attains the age of 19, then the benefit to the member's surviving spouse shall be reduced to 75% of the normal retirement benefit.

Deferred Retirement Option Program (DROP) – Employees become eligible for DROP upon satisfaction of early or normal retirement requirements. Participation in DROP may not exceed 5 years. Members who are eligible for normal retirement prior to October 1, 2016 are credited with interest at the rate of 8%, compounded annually while in DROP and then at actual rate earned by the Plan (less a nominal handling fee) after the member separates from service. Members who are not eligible for normal retirement prior to October 1, 2016 are credited with interest at the valuation interest rate while in DROP and then at the actual rate earned by the Plan (less a nominal handling fee) after the member separates from service. Members who entered DROP prior to November 10, 2003 are credited with interest at the rate of 8% while in DROP and after the member separates from service.

Contributions

The Authority contributes a percentage of basic annual compensation for its permanent employees equal to the actuarially determined minimum contribution divided by the annual payroll of active employees for the prior year. Pension Plan members shall not make any contributions to the Pension Plan. Contribution requirements of the Authority are established and may be amended by the Authority's Board of Commissioners. The contribution rate was 11.7% for the year ended December 31, 2019. During the current year, the Authority adjusted its contribution for actual payroll paid during the year.

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NOTE 7 RETIREMENT PLAN (CONTINUED)

Net Pension Liability

The Authority's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 updated to December 31, 2019.

Actuarial assumptions: The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	Aged Based
Discount Rate	7.00%
Investment Rate of Return	7.00%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

The most recent actuarial experience study used to review the other significant assumption was performed in 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class (see Note 2). These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	4.60%
International Equity	5.20%
Fixed Income	3.00%
Cash	1.50%

Discount rate: The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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NOTE 7 RETIREMENT PLAN (CONTINUED)

Net Pension Liability (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2018	\$ 12,086,598	\$ 10,419,542	\$ 1,667,056
Changes for the Year			
Service Cost	227,802	-	227,802
Interest	846,072	-	846,072
Difference Between Expected and Actual Experience	(90,261)	-	(90,261)
Changes in Assumptions	-	-	-
Contributions - Employer	-	363,806	(363,806)
Net Investment Income	-	2,203,014	(2,203,014)
Benefit Payments, Including Refunds of Employee Contributions	(455,308)	(455,308)	-
Administrative Expenses	-	(23,598)	23,598
Net Changes	<u>528,305</u>	<u>2,087,914</u>	<u>(1,559,609)</u>
Balance at December 31, 2019	<u>\$ 12,614,903</u>	<u>\$ 12,507,456</u>	<u>\$ 107,447</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the Authority, calculated using the discount rate of 7.00%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	Discount Rate		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 1,421,647	\$ 107,447	\$ (987,033)

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NOTE 7 RETIREMENT PLAN (CONTINUED)

Net Pension Liability (Continued)

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

For the year ended December 31, 2019, the Authority recognized pension expense of \$455,308. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 428,396
Changes of Assumptions	418,000	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	486,111
Total	<u>\$ 418,000</u>	<u>\$ 914,507</u>

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

<u>Year Ended December 31,</u>	<u>Amount</u>
2020	\$ (120,425)
2021	(139,393)
2022	81,662
2023	(318,351)
Total	<u>\$ (496,507)</u>

NOTE 8 POSTEMPLOMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The Housing Authority's Retiree Health Care Plan (HARHCP) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the Housing Authority. The OPEB Plan, which is administered by the Authority, allows employees who retire and meet retirement eligibility requirements under the Authority's retirement plan to continue medical coverage as a participant in the Authority's Health Insurance Plan.

Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries, Currently Receiving Benefits	6
Active Plan Members	<u>60</u>
Total	<u>66</u>

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8 POSTEMPLOMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Benefits

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage at the cost of the retiree. All employees of the Authority are eligible to receive postemployment health care benefits. Employees who retire from the Authority who meet certain criteria are eligible for a fully subsidized premium for the retiree until Medicare eligible. The retiree is responsible for any health-related coverage for spouses and eligible dependents. Certain retirees are eligible for an additional Medicare Supplement benefit upon Medicare eligibility.

Net OPEB Liability

The Authority's net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019.

Actuarial assumptions: The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Varies by Service
Discount Rate	3.26%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55

Mortality rates were based on the RP-2000 mortality tables. For female lives, 100% of the white-collar table was used. For male lives, a 50% white collar table, 50% blue collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB. For disabled lives, mortality rates were based on the RP-2000 sex-distinct disabled mortality tables with female lives set forward two (2) years, male lives set back four (4) years. Disabled mortality has not been adjusted for mortality improvements.

Discount rate: Given the Authority's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 3.26%. The high quality municipal bond rate was based on the week closest to but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's AA.

The discount rate changed from 4.10% as of December 31, 2018 to 3.26% as of December 31, 2019. These rates are based on the Buyer 20-Bond Index, as published by the Federal Reserve.

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 8 POSTEMPLOMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Total OPEB Liability (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)
	Total OPEB Liability
Balance at December 31, 2018	\$ 1,045,954
Changes for the Year	
Service Cost	39,757
Interest	43,632
Differences Between Expected and Actual Experience	367,355
Changes in Assumptions	(306,443)
Contributions - Employer	-
Benefit Payments	(43,477)
Administrative Expenses	-
Net Changes	<u>100,824</u>
Balance at December 31, 2019	<u>\$ 1,146,778</u>

Sensitivity of the net OPEB liability to changes in the discount rate: The following presents the Net OPEB Liability of the Authority, as well as what the Authority's Net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower (2.26%) or one percentage-point higher (4.26%) than the current discount rate:

	Discount Rate		
	1% Decrease (2.26)%	Current (3.26)%	1% Increase (4.26)%
Net OPEB liability	\$ 1,345,834	\$ 1,146,778	\$ 993,250

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the Net OPEB Liability of the Authority, as well as what the Authority's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower (3.00 to 6.50%) or one percentage-point higher (5.00 to 8.50%) than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease (3.00 - 6.50)%	Current (4.00-7.50)%	1% Increase (5.00-8.50)%
Net OPEB liability	\$ 1,118,649	\$ 1,146,778	\$ 1,179,159

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 8 POSTEMPLOMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Total OPEB Liability (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the Authority recognized OPEB expense of \$87,583.

On December 31, 2019, the Authority reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 321,437	\$ -
Changes of Assumptions	33,088	349,098
Total	<u>\$ 354,525</u>	<u>\$ 349,098</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	Amount
2020	\$ (306)
2021	(306)
2022	(306)
2023	(306)
2024	(8,578)
Thereafter	15,228

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 9 RELATED PARTY TRANSACTIONS

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

	As of December 31, 2019		For Year Ended December 31, 2019	
	Due From	Due To	Management Fees	Bookkeeping Fees
City of Key West, Florida	\$ 14,662	\$ 97,947	\$ -	\$ -
Monroe County Housing Authority	114,292	-	226,682	19,693
Monroe County Housing Corporation, Inc.	-	3,343	(31,685)	-
Marathon Housing Associates, LTD.	55,703	-	-	-
Total	<u>\$ 184,657</u>	<u>\$ 101,290</u>	<u>\$ 194,997</u>	<u>\$ 19,693</u>

NOTE 10 COMMITMENTS AND CONTINGENCIES

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.

Government grants require the fulfillment of certain conditions as set forth in laws, rules, 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.

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.

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 11 ECONOMIC DEPENDENCY (CONTINUED)

The table below shows the revenue allocation by activity for the year ended December 31, 2019.

	<u>Total Revenue</u>	<u>Percentage of Total Revenue</u>
Revenue from HUD		
Section 8 Housing Choice Voucher - HAP	\$ 2,909,864	17.06 %
Section 8 Housing Choice Voucher - Administrative	236,683	1.39
Public and Indian Housing	213,101	1.25
Capital Fund Program	792,500	4.65
Total HUD Funding	<u>4,152,148</u>	<u>24.35</u>
Non-HUD Funding		
Tenant Rental Revenue, Net of Bad Debt	9,514,997	55.78
Tenant Revenue Other	325,562	1.91
Other Revenue	2,864,549	16.79
Investment Income (Unrestricted)	196,258	1.15
Gain/Loss on Sale	3,102	0.02
Total Non-HUD Funding	<u>12,904,468</u>	<u>75.65</u>
Total Revenue	<u><u>\$ 17,056,616</u></u>	<u><u>100.00 %</u></u>

NOTE 12 SUBSEQUENT EVENTS

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, businesses, and communities. Specific to the Authority, COVID-19 may impact various parts of its 2020 operations and financial results, including increased expenses related to Housing Assistance Payments. Management believes the Authority is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN YEARS*

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	\$ 227,802	\$ 224,727	\$ 193,005	\$ 254,915	\$ 223,158	\$ 209,477
Interest	846,072	827,611	836,436	785,234	714,968	699,929
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(90,261)	(114,078)	(719,162)	(70,582)	(152,973)	28,621
Changes of Assumptions	-	518,812	266,784	279,907	14,586	-
Benefit Payments, Including Refunds of Member Contributions	(455,308)	(361,122)	(372,272)	(265,544)	(275,901)	(347,169)
Net Change In Total Pension Liability	528,305	1,095,950	204,791	983,930	523,838	590,858
Total Pension Liability - Beginning	12,086,598	10,990,648	10,785,857	9,801,927	9,278,089	8,687,231
Total Pension Liability - Ending (A)	\$ 12,614,903	\$ 12,086,598	\$ 10,990,648	\$ 10,785,857	\$ 9,801,927	\$ 9,278,089
Plan Fiduciary Net Position						
Contributions - Employer	\$ 363,806	\$ 266,301	\$ 419,198	\$ 2,551,364	\$ 464,186	\$ 457,983
Net Investment Income	2,203,014	(795,590)	1,380,673	546,206	(95,095)	341,879
Benefit Payments, Including Refunds of Member Contributions	(455,308)	(361,123)	(372,272)	(265,544)	(275,901)	(347,169)
Administrative Expense	(23,598)	(23,438)	(24,782)	(60,250)	(21,870)	(17,241)
Net Change in Plan Fiduciary Net Position	2,087,914	(913,850)	1,402,817	2,771,776	71,320	435,452
Plan Fiduciary Net Position - Beginning	10,419,542	11,333,392	9,930,575	7,158,799	7,087,479	6,652,027
Plan Fiduciary Net Position - Ending (B)	\$ 12,507,456	\$ 10,419,542	\$ 11,333,392	\$ 9,930,575	\$ 7,158,799	\$ 7,087,479
Net Pension Liability (Asset) - Ending (A) - (B)	\$ 107,447	\$ 1,667,056	\$ (342,744)	\$ 855,282	\$ 2,643,128	\$ 2,190,610
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.15%	86.21%	103.12%	92.07%	73.03%	76.39%
Covered Payroll	\$ 2,880,875	\$ 2,868,610	\$ 2,873,176	\$ 3,073,967	\$ 2,680,502	\$ 2,539,765
Net Pension Liability as a Percentage of Covered Payroll	3.73%	58.11%	-11.93%	27.82%	98.61%	86.25%

*Additional years will be added to this schedule annually until 10 years of data is presented.

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN YEARS***

Notes to Schedule of Changes in Net Pension Liability and Related Ratios

2019 Change of Assumptions

Benefit Changes – None

2018 Change of Assumptions

For measurement date 12/31/2018, amounts reports as changes in assumptions resulted from an experience study dated September 19, 2018, the following assumptions were changed:

- The investment rate return was lowered from 7.50% to 7.00%.
- The salary increase changed from flat-rate to an age-based table.
- The normal retirement rates were modified to more closely match the experience.
- Early retirements are now valued separately from withdrawals, with a 5.0% probability at each age.
- The withdrawal rate were modified to more closely match the experience
- The disability rates were decreased by 50% at each age.

2017 Change of Assumptions

Benefit Changes – None

For measurement date 12/31/2017: amounts reported as changes of assumptions resulted from lowering the interest rate from 7.75% to 7.50% per year, compounded annually, net of investment related assumptions. Additionally, the inflation assumption rate was lowered from 3.25% to 3.00%, matching the long-term inflation assumption Plan's investment consultant.

2016 Change of Assumptions

Benefit Changes – None

For measurement date 12/31/2016: Mortality assumption rates updated

2015 Change of Assumptions

Benefit Changes – None

For measurement date 12/31/2015: Investment return updated from 8.00% to 7.75%; withdrawal rates, salary increase factors, retirement rates and administrative expense assumption updated.

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS***

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
12/31/2019	\$ 363,806	\$ 363,806	\$ -	\$ 2,880,875	12.63%
12/31/2018	266,301	266,301	-	2,868,610	9.28%
12/31/2017	256,675	419,196	(162,521)	2,873,176	14.59%
12/31/2016	568,684	2,551,364	(1,982,680)	3,073,967	83.00%
12/31/2015	464,186	464,186	-	2,680,502	17.32%
12/31/2014	441,143	457,983	(16,840)	2,539,765	18.03%

*Additional years will be added to this schedule annually until 10 years of data is presented.

Notes to Schedule of Contributions

Valuation Date: Actuarially determined contributions are calculated using a valuation date as of the beginning of the plan year (each January 1st).

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method

Amortization Method: Future UAAL bases will be amortized over 15 years

Mortality: *Healthy Actives Lives:* Female: RP2000 Generational, 100% White Collar Combined Healthy, Scale BB, Male: RP2000 Generational, 50% White Collar Combined Healthy / 50% Blue Collar, Scale BB.

Healthy Inactive Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Cscale BB, Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue

Disabled Lives: *Female:* 100% RP2000 Disabled Female set forward two years, *Male:* 100% RP 2000 Disabled Male setback two years

Interest Rate: 7.00% per year, compounded annually, net of investment related assumptions

Salary Increase: Less than Age 35, 5.25%; Age 35 to 44, 3.75%; Age 45 and above, 3.25%

Future Cost of Living Adjustments: Future cost of living increases are assumed to be 1.5% per annum

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS*

	2019	2018
Total OPEB Liability		
Service Cost	\$ 39,757	\$ 46,050
Interest	43,632	39,226
Difference between expected and actual experience	367,355	-
Changes of Assumptions	(306,443)	(113,344)
Benefit Payments	(43,477)	(40,071)
Net Change in total OPEB Liability (A)	100,824	(68,139)
Total OPEB liability - beginning	1,045,954	1,114,093
Total OPEB liability - ending	<u>\$ 1,146,778</u>	<u>\$ 1,045,954</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%
Covered Employee Payroll	\$ 3,061,993	\$ 3,004,164
Net OPEB Liability as a Percentage of the Covered Employee Payroll	37.45%	34.82%

*Additional years will be added to this schedule annually until 10 years of data is presented.

SUPPLEMENTARY INFORMATION

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SUPPLEMENTARY FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION
DECEMBER 31, 2019

Line Item No.	Account Description	Programs						Central Office Cost Center	Eliminations	Subtotal	Fiduciary Fund	Total
		Project Totals	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	Community Development Block Grant	Other Business Activities					
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES												
CURRENT ASSETS												
Cash:												
111	Unrestricted	\$ 1,392,502	\$ -	\$ -	\$ 250,276	\$ 1,985,996	\$ 4,524,607	\$ 1,283,792	\$ -	\$ 9,437,173	\$ 62,739	\$ 9,499,912
113	Other Restricted	-	-	-	40,027	-	992	-	-	41,019	-	41,019
114	Tenant Security Deposits	94,450	-	7,900	-	-	353,706	-	-	456,056	-	456,056
100	Total Cash	1,486,952	-	7,900	290,303	1,985,996	4,879,305	1,283,792	-	9,934,248	62,739	9,996,987
Accounts and Notes Receivables:												
122	Accounts Receivable - HUD Other Projects	432,933	-	-	-	-	-	-	-	432,933	-	432,933
124	Accounts Receivable - Other Government	-	-	-	-	-	6,303	200,621	-	206,924	-	206,924
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	2,127	-	2,127	44,667	46,794
126	Accounts Receivable - Tenants	40,992	-	204	15,151	-	30,379	-	-	86,726	-	86,726
126.1	Allowance for Doubtful Accounts Tenants	(1,212)	-	-	-	-	(2,270)	-	-	(3,482)	-	(3,482)
127	Notes, Loans, and Mortgages Receivable - Current	-	-	-	-	-	1,486,743	35,239	(1,521,982)	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	6,813	6,813
120	Total Receivables, Net	472,713	-	204	15,151	-	1,521,155	237,987	(1,521,982)	725,228	51,480	776,708
Investments:												
131	Unrestricted	-	-	-	-	-	-	-	-	-	12,406,820	12,406,820
	Total Investments	-	-	-	-	-	-	-	-	-	12,406,820	12,406,820
Other Current Assets:												
142	Prepaid Expenses and Other Assets	207,913	-	8,764	973	-	383,732	19,458	-	620,840	3,256	624,096
143	Inventories	-	-	-	-	-	-	114,291	-	114,291	-	114,291
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	(11,429)	-	(11,429)	-	(11,429)
144	Inter-Program - Due from Other Funds	-	-	-	-	-	-	4,465	(4,465)	-	-	-
	Total Other Current Assets	207,913	-	8,764	973	-	383,732	126,785	(4,465)	723,702	3,256	726,958
150	Total Current Assets	2,167,578	-	16,868	306,427	1,985,996	6,784,192	1,648,564	(1,526,447)	11,383,178	12,524,295	23,907,473
NONCURRENT ASSETS												
Capital Assets:												
161	Land	569,874	-	614,000	-	-	8,914,678	1,425,000	-	11,523,552	-	11,523,552
162	Buildings	30,965,038	25,000	1,613,350	-	-	54,135,100	88,885	-	86,827,373	-	86,827,373
164	Furniture, Equipment, and Machinery - Admin	1,106,143	83,446	9,618	24,114	-	457,528	489,277	-	2,170,126	1,349	2,171,475
166	Accumulated Depreciation	(22,197,707)	(108,446)	(850,705)	(12,101)	-	(13,241,868)	(282,970)	-	(36,693,797)	(1,349)	(36,695,146)
167	Construction in Progress	-	-	-	-	984,164	-	-	-	984,164	-	984,164
168	Infrastructure	77,026	-	24,136	-	-	1,105,483	-	-	1,206,645	-	1,206,645
160	Total Capital Asset, Net	10,520,374	-	1,410,399	12,013	984,164	51,370,921	1,720,192	-	66,018,063	-	66,018,063
Other Assets:												
171	Notes and Loans Receivable - Noncurrent	-	-	-	-	-	349,629	140,564	(490,193)	-	-	-
180	Total Noncurrent Assets	10,520,374	-	1,410,399	12,013	984,164	51,720,550	1,860,756	(490,193)	66,018,063	-	66,018,063
190	Total Assets	12,687,952	-	1,427,267	318,440	2,970,160	58,504,742	3,509,320	(2,016,640)	77,401,241	12,524,295	89,925,536
200	Deferred Outflows of Resources	107,999	-	4,350	7,907	-	89,470	562,799	-	772,525	-	772,525
290	Total Assets and Deferred Outflows of Resources	\$ 12,795,951	\$ -	\$ 1,431,617	\$ 326,347	\$ 2,970,160	\$ 58,594,212	\$ 4,072,119	\$ (2,016,640)	\$ 78,173,766	\$ 12,524,295	\$ 90,698,061

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SUPPLEMENTARY FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2019

Line Item No.	Account Description	Programs						Central Office Cost Center	Eliminations	Subtotal	Fiduciary Fund	Total
		Project Totals	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	Community Development Block Grant	Other Business Activities					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION												
CURRENT LIABILITIES												
312	Accounts Payable ≤ 90 Days	\$ -	\$ -	\$ -	\$ -	\$ 970,160	\$ 55,129	\$ 177,116	\$ -	\$ 1,202,405	\$ 875	\$ 1,203,280
321	Accrued Wages/Payroll Taxes Payable	44,162	-	1,411	3,943	-	36,012	50,369	-	135,897	-	135,897
322	Accrued Compensated Absences - Current	9,808	-	370	243	-	5,122	28,185	-	43,728	-	43,728
331	Accounts Payable - HUD PHA Programs	-	-	-	11,621	-	-	-	-	11,621	-	11,621
333	Accounts Payable - Other Government	83,340	-	-	-	-	-	17,950	-	101,290	15,964	117,254
341	Tenant Security Deposits	94,450	-	7,900	-	-	353,706	-	-	456,056	-	456,056
342	Unearned Revenue	6,744	-	2,658	-	-	40,004	-	-	49,406	-	49,406
343	Current Portion of LT Debt - Capital Projects	-	-	73,063	-	-	1,488,337	-	(68,183)	1,493,217	-	1,493,217
344	Current Portion of LT Debt - Operating Borrowings	-	-	-	-	-	1,453,799	-	(1,453,799)	-	-	-
345	Other Current Liabilities	21,220	-	-	-	-	-	87,583	-	108,803	-	108,803
347	Inter-Program - Due to Other Funds	-	-	4,465	-	-	-	-	(4,465)	-	-	-
310	Total Current Liabilities	259,724	-	89,867	15,807	970,160	3,432,109	361,203	(1,526,447)	3,602,423	16,839	3,619,262
NONCURRENT LIABILITIES												
351	Long-Term Debt, Net of Current - Capital Projects	-	-	1,749,173	-	-	44,379,010	775,000	(490,193)	46,412,990	-	46,412,990
354	Accrued Compensated Absences - Noncurrent	88,272	-	3,326	2,184	-	46,092	253,667	-	393,541	-	393,541
357	OPEB and Pension Liabilities	27,761	-	1,118	2,032	-	22,999	1,112,732	-	1,166,642	-	1,166,642
350	Total Noncurrent Liabilities	116,033	-	1,753,617	4,216	-	44,448,101	2,141,399	(490,193)	47,973,173	-	47,973,173
300	Total Liabilities	375,757	-	1,843,484	20,023	970,160	47,880,210	2,502,602	(2,016,640)	51,575,596	16,839	51,592,435
400	Deferred Inflows of Resources	236,281	-	9,517	17,298	-	195,744	804,765	-	1,263,605	-	1,263,605
NET POSITION												
508.4	Net Investment in Capital Assets	10,520,374	-	(411,837)	12,013	984,164	4,049,775	945,192	558,376	16,658,057	-	16,658,057
511.4	Restricted	-	-	-	40,027	-	992	-	-	41,019	-	41,019
512.4	Unrestricted	1,663,539	-	(9,547)	236,986	1,015,836	6,467,491	(180,440)	(558,376)	8,635,489	12,507,456	21,142,945
513	Total Net Position	12,183,913	-	(421,384)	289,026	2,000,000	10,518,258	764,752	-	25,334,565	12,507,456	37,842,021
600	Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 12,795,951	\$ -	\$ 1,431,617	\$ 326,347	\$ 2,970,160	\$ 58,594,212	\$ 4,072,119	\$ (2,016,640)	\$ 78,173,766	\$ 12,524,295	\$ 90,698,061

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SUPPLEMENTARY FINANCIAL DATA SCHEDULE
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019

Line Item No.	Account Description	Programs							Eliminations	Subtotal	Fiduciary Fund	Total
		Project Totals	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	Community Development Block Grant	Other Business Activities	Central Office Cost Center				
REVENUE												
70300	Net Tenant Rental Revenue	\$ 3,169,660	\$ -	\$ 257,291	\$ -	\$ -	\$ 6,107,208	\$ -	\$ -	\$ 9,534,159	\$ -	\$ 9,534,159
70400	Tenant Revenue - Other	182,711	-	7,061	-	-	135,790	-	-	325,562	-	325,562
70500	Total Tenant Revenue	3,352,371	-	264,352	-	-	6,242,998	-	-	9,859,721	-	9,859,721
70600	HUD PHA Operating Grants	661,086	-	-	3,146,547	-	-	-	-	3,807,633	-	3,807,633
70610	Capital Grants	344,515	-	-	-	-	-	-	-	344,515	-	344,515
70710	Management Fee	-	-	-	-	-	-	1,029,637	(1,029,637)	-	-	-
70720	Asset Management Fees	-	-	-	-	-	-	70,800	(70,800)	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-	73,426	(73,426)	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	98,651	(98,651)	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	1,272,514	(1,272,514)	-	-	-
71100	Investment Income - Unrestricted	48,773	-	674	500	-	129,427	16,884	-	196,258	445,029	641,287
71400	Fraud Recovery	-	-	-	14,944	-	-	-	-	14,944	-	14,944
71500	Other Revenue	96,601	-	3,415	3,367	2,000,000	396,734	349,488	-	2,849,605	2,206,575	5,056,180
71600	Gain / (Loss) on Sale of Assets	3,439	-	-	250	-	(5)	(582)	-	3,102	-	3,102
70000	Total Revenue	4,506,785	-	268,441	3,165,608	2,000,000	6,769,154	1,638,304	(1,272,514)	17,075,778	2,651,604	19,727,382
EXPENSES												
Administrative:												
91100	Administrative Salaries	205,169	-	12,034	50,547	-	389,526	701,603	-	1,358,879	-	1,358,879
91200	Auditing Fees	14,986	-	795	11,030	-	20,545	6,145	-	53,501	8,500	62,001
91300	Management Fee	470,774	-	15,437	33,960	-	509,466	-	(1,029,637)	-	-	-
91310	Book-Keeping Fee	52,201	-	-	21,225	-	-	-	(73,426)	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	2,366	-	-	2,366	-	2,366
91500	Employee Benefit Contributions - Administrative	106,410	-	2,703	10,284	-	91,653	361,439	-	572,489	-	572,489
91600	Office Expenses	33,015	-	2,337	4,948	-	42,463	74,098	-	156,861	-	156,861
91700	Legal Expense	7,697	-	2,313	-	-	10,495	4,080	-	24,585	2,173	26,758
91800	Travel	51	-	-	-	-	6,268	3,703	-	10,022	-	10,022
91900	Other	4,020	-	4,784	8,040	-	59,962	122,532	-	199,338	7,392	206,730
91000	Total Operating - Administrative	894,323	-	40,403	140,034	-	1,132,744	1,273,600	(1,103,063)	2,378,041	18,065	2,396,106

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SUPPLEMENTARY FINANCIAL DATA SCHEDULE
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

Line Item No.	Account Description	Programs							Eliminations	Subtotal	Fiduciary Fund	Total
		Project Totals	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	Community Development Block Grant	Other Business Activities	Central Office Cost Center				
	EXPENSES (CONTINUED)											
	Asset Management Fee											
92000	Asset Management Fee	\$ 70,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (70,800)	\$ -	\$ -	\$ -
	Tenant Services:											
92100	Tenant Services - Salaries	197,529	-	1,473	13,135	-	419,839	-	-	631,976	-	631,976
92300	Employee Benefit Contributions - Tenant Services	96,289	-	582	7,565	-	52,023	17,036	-	173,495	-	173,495
92400	Other	56	-	-	-	-	86,018	5,359	-	91,433	-	91,433
92500	Total Tenant Services	293,874	-	2,055	20,700	-	557,880	22,395	-	896,904	-	896,904
	Utilities:											
93100	Water	58,445	-	1,085	-	-	27,661	1,592	-	88,783	-	88,783
93200	Electricity	216,528	-	4,746	-	-	127,609	30,678	-	379,561	-	379,561
93800	Other Utilities Expense	23	-	-	-	-	49,616	-	-	49,639	-	49,639
93000	Total Utilities	274,996	-	5,831	-	-	204,886	32,270	-	517,983	-	517,983
	Ordinary Maintenance and Operation:											
94100	Ordinary Maintenance and Operations- Labor	416,152	-	15,749	76	-	566,134	197,271	-	1,195,382	-	1,195,382
94200	Ordinary Maintenance and Operations- Material and Other	266,855	-	26,664	276	-	211,972	65,611	-	571,378	-	571,378
94300	Ordinary Maintenance and Operations- Contracts	448,868	-	12,324	-	-	361,245	18,846	(98,651)	742,632	-	742,632
94500	Employee Benefit Contributions - Ordinary Maintenance	242,086	-	6,683	6	-	244,784	83,854	-	577,413	-	577,413
94000	Total Maintenance	1,373,961	-	61,420	358	-	1,384,135	365,582	(98,651)	3,086,805	-	3,086,805
	Insurance Premiums:											
96120	Liability Insurance	-	-	-	-	-	-	-	-	-	5,533	5,533
96140	All Other Insurance	551,832	-	36,508	3,040	-	834,444	67,953	-	1,493,777	-	1,493,777
96100	Total Insurance Premiums	551,832	-	36,508	3,040	-	834,444	67,953	-	1,493,777	5,533	1,499,310
	General Expenses:											
96200	Other General Expenses	42,797	-	150	14,724	-	133,352	120,110	-	311,133	540,092	851,225
96210	Compensated Absences	77,610	-	1,330	2,735	-	51,685	109,420	-	242,780	-	242,780
96300	Payments in Lieu of Taxes	83,340	-	-	-	-	-	-	-	83,340	-	83,340
96400	Bad Debt - Tenant Rents	8,247	-	4,195	-	-	6,720	-	-	19,162	-	19,162
96000	Total Other General Expenses	211,994	-	5,675	17,459	-	191,757	229,530	-	656,415	540,092	1,196,507
	Interest and Amortization Expenses:											
96710	Interest on Mortgage (or Bonds) Payable	-	-	52,280	-	-	1,382,724	-	-	1,435,004	-	1,435,004
96700	Total Interest Expense and Amortization Cost	-	-	52,280	-	-	1,382,724	-	-	1,435,004	-	1,435,004
96900	Total Operating Expenses	3,671,780	-	204,172	181,591	-	5,688,570	1,991,330	(1,272,514)	10,464,929	563,690	11,028,619
97000	Excess (Deficiency) of Operating Revenue Over (Under) Operating Expenses	835,005	-	64,269	2,984,017	2,000,000	1,080,584	(353,026)	-	6,610,849	2,087,914	8,698,763

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SUPPLEMENTARY FINANCIAL DATA SCHEDULE
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

Line Item No.	Account Description	Programs							Eliminations	Subtotal	Fiduciary Fund	Total
		Project Totals	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	Community Development Block Grant	Other Business Activities	Central Office Cost Center				
	Other Expenses:											
97100	Extraordinary Maintenance	\$ 549,755	\$ -	\$ 22,679	\$ -	\$ -	\$ -	\$ 1,575	\$ -	\$ 574,009	\$ -	\$ 574,009
97300	Housing Assistance Payments	-	-	-	2,982,431	-	-	-	-	2,982,431	-	2,982,431
97350	HAP Portability-In	-	-	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	573,534	-	40,937	1,970	-	1,428,143	65,408	-	2,109,992	-	2,109,992
	Total Other Expenses	1,123,289	-	63,616	2,984,401	-	1,428,143	66,983	-	5,666,432	-	5,666,432
90000	Total Expenses	4,795,069	-	267,788	3,165,992	-	7,116,713	2,058,313	(1,272,514)	16,131,361	563,690	16,695,051
	OTHER FINANCING SOURCES (USES)											
10010	Operating Transfers In	50,000	-	-	-	-	-	485,000	(535,000)	-	-	-
10020	Operating Transfers Out	(50,000)	-	-	-	-	(485,000)	-	535,000	-	-	-
10100	Total Other Financing Sources (Uses)	-	-	-	-	-	(485,000)	485,000	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(288,284)	-	653	(384)	2,000,000	(832,559)	64,991	-	944,417	2,087,914	3,032,331
11030	Beginning Equity	12,472,197	-	(422,037)	289,410	-	11,350,817	699,761	-	24,390,148	10,419,542	34,809,690
	NET POSITION, END OF YEAR	<u>\$ 12,183,913</u>	<u>\$ -</u>	<u>\$ (421,384)</u>	<u>\$ 289,026</u>	<u>\$ 2,000,000</u>	<u>\$ 10,518,258</u>	<u>\$ 764,752</u>	<u>\$ -</u>	<u>\$ 25,334,565</u>	<u>\$ 12,507,456</u>	<u>\$ 37,842,021</u>
11170	Administrative Fee Equity	\$ -	\$ -	\$ -	\$ 248,999	\$ -	\$ -	\$ -	\$ -	\$ 248,999	\$ -	\$ 248,999
11180	Housing Assistance Payments Equity	\$ -	\$ -	\$ -	\$ 40,027	\$ -	\$ -	\$ -	\$ -	\$ 40,027	\$ -	\$ 40,027
11190	Unit Months Available	7,068	-	336	3,048	-	5,508	-	-	15,960	-	15,960
11210	Number of Unit Months Leased	6,960	-	317	2,830	-	4,435	-	-	14,542	-	14,542
11270	Excess Cash	\$ 1,409,343	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,409,343	\$ -	\$ 1,409,343
11620	Building Purchases	\$ 220,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,065	\$ -	\$ 220,065
11640	Furniture & Equipment - Administrative Purchases	\$ 126,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,186	\$ -	\$ 126,186

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – PROJECTS
STATEMENT OF NET POSITION
DECEMBER 31, 2019

Line Item No.	Account Description	Project #1	Project #2	Total Projects
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
	Cash:			
111	Unrestricted	\$ 1,117,857	\$ 274,645	\$ 1,392,502
114	Tenant Security Deposits	61,050	33,400	94,450
100	Total Cash	1,178,907	308,045	1,486,952
	Accounts and Notes Receivable:			
122	Accounts Receivable - HUD Other Projects	432,933	-	432,933
126	Accounts Receivable - Tenants	38,403	2,589	40,992
126.1	Allowance for Doubtful Accounts - Tenants	(1,212)	-	(1,212)
120	Total Receivables, Net	470,124	2,589	472,713
	Other Current Assets:			
142	Prepaid Expenses and Other Assets	157,751	50,162	207,913
	Total Other Current Assets	157,751	50,162	207,913
150	Total Current Assets	1,806,782	360,796	2,167,578
NONCURRENT ASSETS				
	Capital Assets:			
161	Land	514,036	55,838	569,874
162	Buildings	18,082,921	12,882,117	30,965,038
164	Furniture, Equipment and Machinery - Administration	776,975	329,168	1,106,143
166	Accumulated Depreciation	(15,971,169)	(6,226,538)	(22,197,707)
168	Infrastructure	77,026	-	77,026
160	Total Capital Assets, Net	3,479,789	7,040,585	10,520,374
180	Total Noncurrent Assets	3,479,789	7,040,585	10,520,374
190	Total Assets	5,286,571	7,401,381	12,687,952
200	Deferred Outflows of Resources	70,246	37,753	107,999
290	Total Assets and Deferred Outflows of Resources	\$ 5,356,817	\$ 7,439,134	\$ 12,795,951

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – PROJECTS
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2019

Line Item No.	Account Description	Project #1	Project #2	Total Projects
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
321	Accrued Wages/Payroll Taxes Payable	\$ 25,323	\$ 18,839	\$ 44,162
322	Accrued Compensated Absences - Current Portion	7,193	2,615	9,808
333	Accounts Payable - Other Government	83,340	-	83,340
341	Tenant Security Deposits	61,050	33,400	94,450
342	Unearned Revenues	4,466	2,278	6,744
345	Other Current Liabilities	20,820	400	21,220
310	Total Current Liabilities	202,192	57,532	259,724
NONCURRENT LIABILITIES				
354	Accrued Compensated Absences - Noncurrent	64,739	23,533	88,272
357	Accrued Pension and OPEB Liability - Noncurrent	18,057	9,704	27,761
350	Total Noncurrent Liabilities	82,796	33,237	116,033
300	Total Liabilities	284,988	90,769	375,757
400	Deferred Inflows of Resources	153,685	82,596	236,281
NET POSITION				
508.4	Net Investment In Capital Assets	3,479,789	7,040,585	10,520,374
512.4	Unrestricted	1,438,355	225,184	1,663,539
513	Total Net Position	4,918,144	7,265,769	12,183,913
600	Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 5,356,817	\$ 7,439,134	\$ 12,795,951

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – PROJECTS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019

Line Item No.	Account Description	Project #1	Project #2	CFP	Total Projects
REVENUE					
70300	Net Tenant Rental Revenue	\$ 2,285,191	\$ 884,469	\$ -	\$ 3,169,660
70400	Tenant Revenue - Other	29,424	153,287	-	182,711
70500	Total Tenant Revenue	2,314,615	1,037,756	-	3,352,371
70600	HUD PHA Operating Grants	10,037	203,064	447,985	661,086
70610	Capital Grants	-	-	344,515	344,515
71100	Investment Income - Unrestricted	42,690	6,083	-	48,773
71500	Other Revenue	73,437	23,164	-	96,601
71600	Gain / (Loss) on Sale of Capital Assets	3,402	37	-	3,439
70000	Total Revenue	2,444,181	1,270,104	792,500	4,506,785
EXPENSES					
Administrative:					
91100	Administrative Salaries	117,592	87,529	48	205,169
91200	Auditing Fees	9,943	5,043	-	14,986
91300	Management Fee	310,400	160,374	-	470,774
91310	Book-Keeping Fee	34,418	17,783	-	52,201
91500	Employee Benefit Contributions - Administrative	61,213	45,193	4	106,410
91600	Office Expenses	26,719	5,422	874	33,015
91700	Legal Expense	7,697	-	-	7,697
91800	Travel	51	-	-	51
91900	Other	3,039	981	-	4,020
91000	Total Operating - Administrative	571,072	322,325	926	894,323
Asset Management:					
92000	Asset Management Fees	46,800	24,000	-	70,800
Tenant Services:					
92100	Salaries	57,707	139,822	-	197,529
92300	Employee Benefit Contributions - Tenant Services	26,983	69,306	-	96,289
92400	Other	56	-	-	56
92500	Total Tenant Services	84,746	209,128	-	293,874
Utilities:					
93100	Water	2,983	55,462	-	58,445
93200	Electricity	39,711	176,817	-	216,528
93800	Other Utility Expense	23	-	-	23
93000	Total Utilities	42,717	232,279	-	274,996
Ordinary Maintenance and Operation:					
94100	Ordinary Maintenance and Operations - Labor	295,291	62,443	58,418	416,152
94200	Ordinary Maintenance and Operations - Materials and Other	141,221	52,467	73,167	266,855
94300	Ordinary Maintenance and Operations Contracts	275,492	146,092	27,284	448,868
94500	Employee Benefit Contributions - Ordinary Maintenance	187,562	32,964	21,560	242,086
94000	Total Maintenance	899,566	293,966	180,429	1,373,961
Insurance Premiums:					
96140	All Other Insurance	401,609	147,387	2,836	551,832
96100	Total Insurance Premiums	401,609	147,387	2,836	551,832

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – PROJECTS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

Line Item No.	Account Description	Project #1	Project #2	CFP	Total Projects
EXPENSES (CONTINUED)					
General Expenses:					
96200	Other General Expenses	\$ 27,537	\$ 14,858	\$ 402	\$ 42,797
96210	Compensated Absences	46,936	30,674	-	77,610
96300	Payments in Lieu of Taxes	83,340	-	-	83,340
96400	Bad Debt - Tenant Rents	7,448	799	-	8,247
96000	Total Other General Expenses	<u>165,261</u>	<u>46,331</u>	<u>402</u>	<u>211,994</u>
96900	Total Operating Expenses	<u>2,211,771</u>	<u>1,275,416</u>	<u>184,593</u>	<u>3,671,780</u>
97000	Excess (Deficiency) of Operating Revenue Over (Under) Operating Expenses	232,410	(5,312)	607,907	835,005
Other Expenses:					
97100	Extraordinary Maintenance	336,362	-	213,393	549,755
97400	Depreciation Expense	302,889	243,575	27,070	573,534
	Total Other Expenses	<u>639,251</u>	<u>243,575</u>	<u>240,463</u>	<u>1,123,289</u>
90000	Total Expenses	2,851,022	1,518,991	425,056	4,795,069
OTHER FINANCING SOURCES (USES)					
10010	Operating Transfers In	-	50,000	-	50,000
10020	Operating Transfers Out	-	-	(50,000)	(50,000)
10100	Total Other Financing Sources (Uses)	<u>-</u>	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>
10000	Excess (Deficiency) of Total Revenues Over (Under) Total Expenses	(406,841)	(198,887)	317,444	(288,284)
11030	Beginning Equity	<u>4,918,435</u>	<u>7,464,656</u>	<u>89,106</u>	<u>12,472,197</u>
NET POSITION - END OF YEAR		<u>\$ 4,511,594</u>	<u>\$ 7,265,769</u>	<u>\$ 406,550</u>	<u>\$ 12,183,913</u>

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – OTHER BUSINESS ACTIVITY
STATEMENT OF NET POSITION
DECEMBER 31, 2019

Line Item No.	Account Description	Poinciana Complex	Key Plaza Site B	Roosevelt Gardens Complex	Old Town	3rd & Patterson	Washington Street	Poinciana Gardens Senior Living	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
CURRENT ASSETS									
Cash:									
111	Unrestricted	\$ 1,976,436	\$ 996,595	\$ 696,536	\$ 384,111	\$ 158,115	\$ 309,670	\$ 3,144	\$ 4,524,607
113	Other Restricted	-	-	-	-	-	-	992	992
114	Tenant Security Deposits	172,266	31,024	105,449	16,355	4,018	17,544	7,050	353,706
100	Total Cash	2,148,702	1,027,619	801,985	400,466	162,133	327,214	11,186	4,879,305
Accounts and Notes Receivable:									
124	Accounts Receivable - Other Governments	-	-	-	6,303	-	-	-	6,303
126	Accounts Receivable - Tenants	8,916	3,958	4,136	134	7,376	771	5,088	30,379
126.1	Allowance for Doubtful Accounts	(70)	-	(35)	-	(2,165)	-	-	(2,270)
127	Notes, Loans, and Mortgages Receivable - Current	1,486,743	-	-	-	-	-	-	1,486,743
120	Total Receivables, Net	1,495,589	3,958	4,101	6,437	5,211	771	5,088	1,521,155
Other Current Assets:									
142	Prepaid Expenses and Other Assets	165,223	36,597	82,170	18,453	8,766	14,734	57,789	383,732
	Total Other Current Assets	165,223	36,597	82,170	18,453	8,766	14,734	57,789	383,732
150	Total Current Assets	3,809,514	1,068,174	888,256	425,356	176,110	342,719	74,063	6,784,192
NONCURRENT ASSETS									
Capital Assets:									
161	Land	1,999,738	1,133,493	2,824,840	680,983	772,500	1,292,862	210,262	8,914,678
162	Buildings	14,021,521	4,947,994	11,130,909	1,412,579	933,542	1,657,138	20,031,417	54,135,100
164	Furniture, Equipment and Machinery - Administration	288,566	7,884	22,788	-	-	-	138,290	457,528
166	Accumulated Depreciation	(6,100,047)	(976,753)	(4,357,232)	(230,960)	(352,786)	(393,173)	(830,917)	(13,241,868)
168	Infrastructure	638,565	-	428,026	-	-	-	38,892	1,105,483
160	Total Capital Assets, Net	10,848,343	5,112,618	10,049,331	1,862,602	1,353,256	2,556,827	19,587,944	51,370,921
171	Notes and Loans Receivable - Noncurrent	349,629	-	-	-	-	-	-	349,629
180	Total Noncurrent Assets	11,197,972	5,112,618	10,049,331	1,862,602	1,353,256	2,556,827	19,587,944	51,720,550
190	Total Assets	15,007,486	6,180,792	10,937,587	2,287,958	1,529,366	2,899,546	19,662,007	58,504,742
200	Deferred Outflows of Resources	39,676	12,736	24,862	5,916	2,092	4,188	-	89,470
290	Total Assets and Deferred Outflows of Resources	\$ 15,047,162	\$ 6,193,528	\$ 10,962,449	\$ 2,293,874	\$ 1,531,458	\$ 2,903,734	\$ 19,662,007	\$ 58,594,212

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – OTHER BUSINESS ACTIVITY
STATEMENT OF NET POSITION
DECEMBER 31, 2019

Line Item No.	Account Description	Poinciana Complex	Key Plaza Site B	Roosevelt Gardens Complex	Old Town	3rd & Patterson	Washington Street	Poinciana Gardens Senior Living	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION									
CURRENT LIABILITIES									
312	Accounts Payable <= 90 days	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,129	\$ 55,129
321	Accrued Wages/Payroll Taxes Payable	16,287	4,624	9,950	2,537	878	1,641	95	36,012
322	Accrued Compensated Absences	2,329	787	1,451	192	123	240	-	5,122
341	Tenant Security Deposits	172,266	31,024	105,449	16,355	4,018	17,544	7,050	353,706
342	Unearned Revenue	5,346	2,485	21,702	989	12	3,607	5,863	40,004
343	Current Portion of LT Debt - Capital Projects	501,884	52,540	338,760	-	-	84,672	510,481	1,488,337
344	Current Portion of LT Debt - Operating Borrowings	-	-	-	-	-	-	1,453,799	1,453,799
310	Total Current Liabilities	698,112	91,460	477,312	20,073	5,031	107,704	2,032,417	3,432,109
NONCURRENT LIABILITIES									
351	Long-Term Debt, Net of Current - Capital Proj.	11,069,483	2,755,791	7,252,702	-	-	2,676,491	20,624,543	44,379,010
354	Accrued Compensated Absences-Non-Current	20,959	7,079	13,060	1,725	1,105	2,164	-	46,092
357	Accrued Pension and OPEB Liability - Noncurrent	10,199	3,274	6,391	1,521	538	1,076	-	22,999
350	Total Noncurrent Liabilities	11,100,641	2,766,144	7,272,153	3,246	1,643	2,679,731	20,624,543	44,448,101
300	Total Liabilities	11,798,753	2,857,604	7,749,465	23,319	6,674	2,787,435	22,656,960	47,880,210
400	Deferred Inflows of Resources	86,804	27,863	54,394	12,944	4,577	9,162	-	195,744
NET POSITION									
508.4	Net Investment in Capital Assets	(723,024)	2,304,287	2,457,869	1,862,602	1,353,256	(204,336)	(3,000,879)	4,049,775
	Restricted	-	-	-	-	-	-	992	992
512.4	Unrestricted	3,884,629	1,003,774	700,721	395,009	166,951	311,473	4,934	6,467,491
513	Total Net Position	3,161,605	3,308,061	3,158,590	2,257,611	1,520,207	107,137	(2,994,953)	10,518,258
600	Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 15,047,162	\$ 6,193,528	\$ 10,962,449	\$ 2,293,874	\$ 1,531,458	\$ 2,903,734	\$ 19,662,007	\$ 58,594,212

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – OTHER BUSINESS ACTIVITY
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

Line Item No.	Account Description	Poinciana Complex	Key Plaza Site B	Roosevelt Gardens Complex	Old Town	3rd & Patterson	Washington Street	Poinciana Gardens Senior Living	Total
REVENUE									
70300	Net Tenant Rental Revenue	\$ 2,572,537	\$ 642,174	\$ 1,454,294	\$ 255,816	\$ 101,679	\$ 264,957	\$ 815,751	\$ 6,107,208
70400	Tenant Revenue - Other	64,649	20,142	35,503	3,896	3,041	6,896	1,663	135,790
70500	Total Tenant Revenue	2,637,186	662,316	1,489,797	259,712	104,720	271,853	817,414	6,242,998
71100	Investment Income - Unrestricted	66,663	23,656	18,810	8,789	3,593	7,582	334	129,427
71500	Other Revenue	97,087	8,416	18,490	4,278	2,966	6,693	258,804	396,734
71600	Gain / (Loss) on Sale of Capital Assets	(5)	-	-	-	-	-	-	(5)
70000	Total Revenue	2,800,931	694,388	1,527,097	272,779	111,279	286,128	1,076,552	6,769,154
EXPENSES									
Administrative:									
91100	Administrative Salaries	63,180	18,051	39,111	-	3,008	6,017	260,159	389,526
91200	Auditing Fees	9,113	2,319	5,263	984	362	975	1,529	20,545
91300	Management Fee	205,803	51,374	116,344	20,465	10,168	26,496	78,816	509,466
91400	Advertising and Marketing	-	-	-	-	-	-	2,366	2,366
91500	Employee Benefit Contributions - Administrative	25,993	7,553	16,264	-	1,210	2,464	38,169	91,653
91600	Office Expenses	6,099	578	2,705	3,968	96	182	28,835	42,463
91700	Legal Expenses	-	-	-	278	716	-	9,501	10,495
91800	Travel	-	-	-	-	-	-	6,268	6,268
91900	Other Expenses	11,200	5,155	8,002	-	3,193	3,254	29,158	59,962
91000	Total Operating - Administrative	321,388	85,030	187,689	25,695	18,753	39,388	454,801	1,132,744
Tenant Services:									
92100	Tenant Services - Salaries	8,020	2,209	5,114	1,473	-	736	402,287	419,839
92300	Employee Benefit Contributions - Tenant Services	4,566	1,261	2,927	815	-	414	42,040	52,023
92400	Tenant Services - Other	-	-	-	-	-	-	86,018	86,018
92500	Total Tenant Services	12,586	3,470	8,041	2,288	-	1,150	530,345	557,880
Utilities:									
93100	Water	2,336	985	3,694	3,002	-	709	16,935	27,661
93200	Electricity	10,337	3,633	9,941	2,094	146	1,691	99,767	127,609
93800	Other Utilities Expense	18,137	5,676	16,351	6,579	617	2,256	-	49,616
93000	Total Utilities	30,810	10,294	29,986	11,675	763	4,656	116,702	204,886

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – OTHER BUSINESS ACTIVITY
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

Line Item No.	Account Description	Poinciana Complex	Key Plaza Site B	Roosevelt Gardens Complex	Old Town	3rd & Patterson	Washington Street	Poinciana Gardens Senior Living	Total
	Ordinary Maintenance and Operation:								
94100	Ordinary Maintenance and Ops - Labor	\$ 214,056	\$ 66,399	\$ 132,778	\$ 41,233	\$ 12,430	\$ 22,109	\$ 77,129	\$ 566,134
94200	Ordinary Maintenance and Ops - Materials	107,570	17,989	41,055	11,246	2,640	7,958	23,514	211,972
94300	Ordinary Maintenance and Ops - Contracts	149,296	20,273	72,225	20,778	3,296	8,982	86,395	361,245
94500	Employee Benefits Contributions - Maint.	101,956	34,745	64,298	20,076	5,570	10,823	7,316	244,784
	Total Maintenance	572,878	139,406	310,356	93,333	23,936	49,872	194,354	1,384,135
	Insurance Premiums:								
96140	All Other Insurance	321,642	65,545	150,425	29,375	20,110	28,723	218,624	834,444
96100	Total Insurance Premiums	321,642	65,545	150,425	29,375	20,110	28,723	218,624	834,444
	General Expenses:								
96200	Other General Expenses	1,338	-	1,750	400	-	-	129,864	133,352
96210	Compensated Absences	22,890	7,279	14,413	3,137	1,361	2,605	-	51,685
96400	Bad Debt - Tenant Rents	1,774	434	1,244	1,088	2,180	-	-	6,720
96000	Total Other General Expenses	26,002	7,713	17,407	4,625	3,541	2,605	129,864	191,757
96710	Interest on Mortgage (or Bonds) Payable	367,495	54,184	306,319	-	-	53,314	601,412	1,382,724
96900	Total Operating Expenses	1,652,801	365,642	1,010,223	166,991	67,103	179,708	2,246,102	5,688,570
97000	Excess of Operating Revenue Over Operating Expenses	1,148,130	328,746	516,874	105,788	44,176	106,420	(1,169,550)	1,080,584
	Other Expenses:								
97400	Depreciation Expense	386,191	124,105	292,626	35,314	23,765	41,428	524,714	1,428,143
	Total Other Expenses	386,191	124,105	292,626	35,314	23,765	41,428	524,714	1,428,143
90000	Total Expenses	2,038,992	489,747	1,302,849	202,305	90,868	221,136	2,770,816	7,116,713
	OTHER FINANCING SOURCES (USES)								
10020	Operating Transfers Out	(175,000)	(175,000)	(105,000)	(20,000)	(10,000)	-	-	(485,000)
10100	Total Other Financing Uses	(175,000)	(175,000)	(105,000)	(20,000)	(10,000)	-	-	(485,000)
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	586,939	29,641	119,248	50,474	10,411	64,992	(1,694,264)	(832,559)
11030	Beginning Equity	2,574,666	3,278,420	3,039,342	2,207,137	1,509,796	42,145	(1,300,689)	11,350,817
	NET POSITION - END OF YEAR	<u>\$ 3,161,605</u>	<u>\$ 3,308,061</u>	<u>\$ 3,158,590</u>	<u>\$ 2,257,611</u>	<u>\$ 1,520,207</u>	<u>\$ 107,137</u>	<u>\$ (2,994,953)</u>	<u>\$ 10,518,258</u>

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

<u>Federal Grantor/Pass through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
Direct Federal Assistance:				
<u>Department of Housing and Urban Development</u>				
Public and Indian Housing	14.850	N/A	N/A	\$ 213,101
Section 8 Housing Choice Vouchers Housing Voucher Cluster	14.871	N/A	N/A	<u>3,146,547</u> 3,146,547
Capital Fund Program:				
Public Housing Capital Fund	14.872	N/A	N/A	55,389
Public Housing Capital Fund	14.872	N/A	N/A	224,614
Public Housing Capital Fund	14.872	N/A	N/A	<u>512,497</u>
Total Capital Fund Program				<u>792,500</u>
Total Direct Federal Awards				<u>4,152,148</u>
Total Federal Awards				<u><u>\$ 4,152,148</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 BASIS OF PRESENTATION

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, 2019. 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 position, or cash flows of the Authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COSTS RATE

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

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
The Housing Authority of the City of Key West, Florida
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 fiduciary fund of The Housing Authority of the City of Key West, Florida (the Authority), a component unit of the City of Key West, Florida, as of and for the year ended December 31, 2019, 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 14, 2020.

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) to determine the 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 may exist that have not been identified.

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 determination of financial statement amounts. 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 result 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Lakeland, Florida
September 14, 2020



**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
The Housing Authority of the City of Key West, Florida
Key West, Florida

Report on Compliance for Each Major Federal Program

We have audited The Housing Authority of the City of Key West, Florida (the Authority), a component unit of the City of Key West, Florida, compliance with the types of compliance requirements described 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, 2019. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.


Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



CliftonLarsonAllen LLP

Lakeland, Florida
September 14, 2020

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2019**

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 Program

CFDA Number

14.871
14.872

Name of Federal Program or Cluster

Section 8 Housing Choice Voucher
Public Housing Capital Fund

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

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes _____ X _____ No

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2019**

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).