

**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, 2020**

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA  
 (A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)  
 TABLE OF CONTENTS  
 YEAR ENDED DECEMBER 31, 2020**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>4</b>
<b>FINANCIAL STATEMENTS- PROPRIETARY FUND</b>	
<b>STATEMENT OF NET POSITION</b>	<b>15</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>17</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>18</b>
<b>REMAINING FUND INFORMATION</b>	
<b>STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST FUND</b>	<b>20</b>
<b>STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND</b>	<b>21</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>22</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATINGS</b>	<b>52</b>
<b>SCHEDULE OF CONTRIBUTIONS</b>	<b>54</b>
<b>SCHEDULE OF CHANGES IN THE AUTHORITY'S NET OPEB LIABILITY AND RELATED REATIONS</b>	<b>55</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SUPPLEMENTARY FINANCIAL DATA SCHEDULE – STATEMENT OF NET POSITION</b>	<b>56</b>
<b>SUPPLEMENTARY FINANCIAL DATA SCHEDULE – SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>58</b>
<b>SUPPLEMENTARY FINANCIAL DATA SCHEDULE – PROJECTS – STATEMENT OF NET POSITION</b>	<b>61</b>
<b>SUPPLEMENTARY FINANCIAL DATA SCHEDULE – PROJECTS – SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>63</b>
<b>SUPPLEMENTARY FINANCIAL DATA SCHEDULE – OTHER BUSINESS ACTIVITY – STATEMENT OF NET POSITION</b>	<b>65</b>

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA  
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2020**

<b>SUPPLEMENTARY FINANCIAL DATA SCHEDULE – OTHER BUSINESS ACTIVITY – SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>67</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>69</b>
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>70</b>
<b>SUPPLEMENTARY REPORTS</b>	
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>71</b>
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROLS OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</b>	<b>73</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>75</b>



## 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, 2020, 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, 2020, 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.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2021, 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 controls 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.

**CliftonLarsonAllen LLP**

Lakeland, Florida  
July 13, 2021

**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, 2020**

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, 2020. 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, 2020 by \$24,095,676 (net position).
- The Authority's total operating revenue was \$15,487,206 which consisted of tenant dwelling rentals for \$10,254,181, United States Department of Housing and Urban Development (HUD) grants in the amount of \$4,364,861, management fees of \$254,215 and other revenue of \$613,949.

### **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.

**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, 2020**

**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, 2020, total assets and deferred outflows of resources were \$75,485,854; total current assets were \$9,953,152 including current restricted assets of \$537,848, 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 \$64,239,112.

In addition, total liabilities and deferred inflows of resources were \$51,390,178; total current liabilities were \$3,521,002; including liabilities payable from restricted assets of \$472,566, and total long-term (noncurrent) liabilities were \$46,497,751 at December 31, 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, 2020**

**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**  
**(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED DECEMBER 31, 2020**

**Condensed Financial Information**  
**Assets, Liabilities and Net Position**

	December 31,		\$ Change	% Change
	2020	2019		
<b>ASSETS</b>				
Current Assets	\$ 9,415,304	\$ 10,886,103	\$ (1,470,799)	-13.51%
Current Restricted Assets	537,848	497,075	40,773	8.20%
Net Capital Assets	64,239,112	66,018,063	(1,778,951)	-2.69%
Noncurrent Assets	351,662	-	351,662	100.00%
Total Assets	<u>74,543,926</u>	<u>77,401,241</u>	<u>(2,857,315)</u>	-3.69%
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows of Resources - Pension	391,937	418,000	(26,063)	-6.24%
Deferred Outflows of Resources - OPEB	549,991	354,525	195,466	55.13%
Total Deferred Outflows of Resources	<u>941,928</u>	<u>772,525</u>	<u>169,403</u>	21.93%
Total Assets and Deferred Outflows of Resources	<u>\$ 75,485,854</u>	<u>\$ 78,173,766</u>	<u>\$ (2,687,912)</u>	-3.44%
<b>LIABILITIES</b>				
Current Liabilities	\$ 3,048,436	\$ 3,146,367	\$ (97,931)	-3.11%
Current Liabilities Payable from Restricted Assets	472,566	456,056	16,510	3.62%
Noncurrent Liabilities	46,497,751	47,973,173	(1,475,422)	-3.08%
Total Liabilities	<u>50,018,753</u>	<u>51,575,596</u>	<u>(1,556,843)</u>	-3.02%
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources - Pension	1,076,824	914,507	162,317	17.75%
Deferred Inflows of Resources - OPEB	294,601	349,098	(54,497)	-15.61%
Total Deferred Inflows of Resources	<u>1,371,425</u>	<u>1,263,605</u>	<u>107,820</u>	8.53%
<b>NET POSITION</b>				
Net Investment in Capital Assets	14,510,610	16,658,057	(2,147,447)	-12.89%
Restricted	844	41,019	(40,175)	-97.94%
Unrestricted	9,584,222	8,635,489	948,733	10.99%
Total Net Position	<u>24,095,676</u>	<u>25,334,565</u>	<u>(1,238,889)</u>	-4.89%
Total Liabilities, Deferred Outflows of Resources and Net Position	<u>\$ 75,485,854</u>	<u>\$ 78,173,766</u>	<u>\$ (2,687,912)</u>	-3.44%

**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, 2020**

Total assets decreased by \$2,857,315 from the prior year. This is due to a decrease of \$1,470,799 in current assets. This decrease was mostly caused by a decrease of \$2,000,000 from the one-time funding received in the prior year.

Current liabilities and current liabilities payable from restricted assets decreased by \$81,421. This was caused by a decrease in accounts payable, primarily caused by payables related to the new construction of Garden View Apartments.

Noncurrent liabilities decreased by \$1,475,422. This decrease was mostly caused by payments on debt in the amount of \$1,493,214.

**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, 2020**

**Revenue, Expenses and Changes in Net Position**

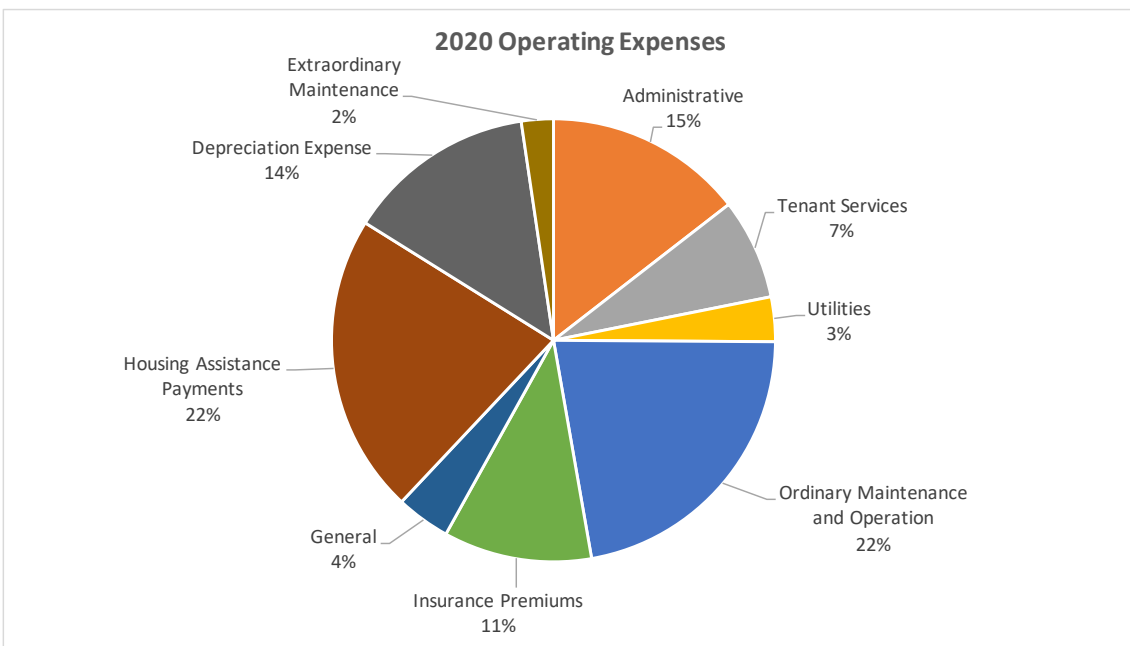
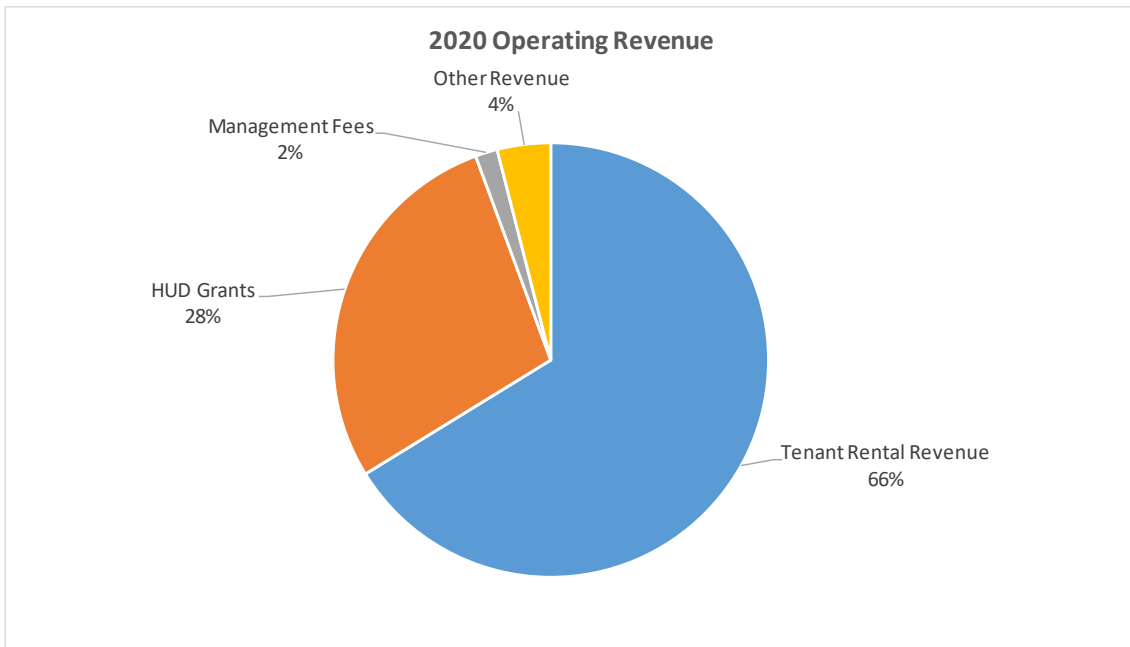
	Year Ended December 31,		\$ Change	% Change
	2020	2019		
<b>OPERATING REVENUE</b>				
Total Tenant Rental Revenue	\$ 10,254,181	\$ 9,840,559	\$ 413,622	4.20%
HUD Grants	4,364,861	3,807,633	557,228	14.63%
Management Fees	254,215	246,375	7,840	3.18%
Other Revenue	613,949	2,618,174	<u>(2,004,225)</u>	-76.55%
Total Operating Revenue	<u>15,487,206</u>	<u>16,512,741</u>	<u>(1,025,535)</u>	-6.21%
<b>OPERATING EXPENSES</b>				
Administrative	2,226,272	2,378,041	(151,769)	-6.38%
Tenant Services	1,130,884	896,904	233,980	26.09%
Utilities	500,470	517,983	(17,513)	-3.38%
Ordinary Maintenance and Operation	3,403,474	3,086,805	316,669	10.26%
Insurance Premiums	1,660,931	1,493,777	167,154	11.19%
General	605,756	637,253	(31,497)	-4.94%
Housing Assistance Payments	3,364,756	2,982,431	382,325	12.82%
Depreciation Expense	2,117,159	2,109,992	7,167	0.34%
Extraordinary Maintenance	358,075	574,009	<u>(215,934)</u>	-37.62%
Total Operating Expenses	<u>15,367,777</u>	<u>14,677,195</u>	<u>690,582</u>	4.71%
<b>INCOME (LOSS) FROM OPERATIONS</b>	119,429	1,835,546	(1,716,117)	-93.49%
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Investment Income - Unrestricted	51,969	196,258	(144,289)	-73.52%
Gain on Sale of Capital Assets	3,500	3,102	398	12.83%
Interest Expense	<u>(1,415,401)</u>	<u>(1,435,004)</u>	<u>19,603</u>	-1.37%
Total Nonoperating Revenue (Expenses)	<u>(1,359,932)</u>	<u>(1,235,644)</u>	<u>(124,288)</u>	10.06%
Capital Grants	<u>1,614</u>	<u>344,515</u>	<u>(342,901)</u>	-99.53%
<b>CHANGE IN NET POSITION</b>	(1,238,889)	944,417	(2,183,306)	-231.18%
Net Position - Beginning of Year	<u>25,334,565</u>	<u>24,390,148</u>	<u>944,417</u>	3.87%
<b>NET POSITION - END OF YEAR</b>	<u>\$ 24,095,676</u>	<u>\$ 25,334,565</u>	<u>\$ (1,238,889)</u>	-4.89%

For the year ended December 31, 2020, overall operating revenue decreased by \$1,025,535. This decrease was primarily caused by a decrease in Other Revenue of \$2,004,225 (due to one-time revenue of \$2,107,616 received from Monroe County Land Authority in the prior year).

**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, 2020**

**Revenue, Expenses and Changes in Net Position (Continued)**

The total cost of operating expenses increased by \$690,582 or approximately 5%. This is primarily due to an increase in Ordinary Maintenance and Operation of \$316,669, Tenant Services of \$233,980, and Insurance Premiums of \$167,154. In 2020, total operating revenue was \$15,487,206 while total operating expenses were \$15,367,777.



**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, 2020**

**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

**Other Events**

In 2020, 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 prior 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  
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2020**

**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.

<b>Affordable Housing Occupancy Data by Program</b>				
	<b>2020</b>	<b>2019</b>	<b>Change</b>	<b>% Change</b>
<b>Public Housing Program</b>				
Unit Months Available	7,056	7,068	(12)	-0.17%
Unit Months Leased	6,953	6,960	(7)	-0.10%
Occupancy	98.54%	98.47%	0.07%	0.07%
<b>HOME Investments</b>				
<b>Partnerships Program</b>				
Unit Months Available	336	336	-	0.00%
Unit Months Leased	330	317	13	4.10%
Occupancy	98.21%	94.35%	3.87%	4.10%
<b>Other Business Activities</b>				
Unit Months Available	5,510	5,508	2	0.04%
Unit Months Leased	4,703	4,435	268	6.04%
Occupancy	85.35%	80.52%	4.83%	6.00%
<b>TOTAL</b>				
Unit Months Available	12,902	12,912	(10)	-0.08%
Unit Months Leased	11,986	11,712	274	2.34%
Occupancy	92.90%	90.71%	2.19%	2.42%

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. HOME Investments Partnerships occupancy increased by 3.87%. Other Business Activities occupancy increased by 4.83%.

**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, 2020**

**Operational Metrics (Continued)**

<b>Tenant Rent Data by Program</b>				
	<b>2020</b>	<b>2019</b>	<b>Change</b>	<b>% Change</b>
<b>Public Housing Program</b>				
Tenant Revenue	\$ 3,256,459	\$ 3,352,371	\$ (95,912)	-2.86%
Unit Months Leased	6,953	6,960	(7)	-0.10%
Average Tenant Rent	\$ 468.35	\$ 481.66	\$ (13.31)	-2.76%
<b>HOME Investments</b>				
<b>Partnerships Program</b>				
Tenant Revenue	\$ 291,558	\$ 264,352	\$ 27,206	10.29%
Unit Months Leased	330	317	13	4.10%
Average Tenant Rent	\$ 883.51	\$ 833.92	\$ 49.59	5.95%
<b>Other Business Activities</b>				
Tenant Revenue	\$ 6,770,634	\$ 6,242,998	\$ 527,636	8.45%
Unit Months Leased	4,703	4,435	268	6.04%
Average Tenant Rent	\$ 1,439.64	\$ 1,407.67	\$ 31.98	2.27%
<b>TOTAL</b>				
Tenant Revenue	\$ 10,318,651	\$ 9,859,721	\$ 458,930	4.65%
Unit Months Leased	11,986	11,712	274	2.34%
Average Tenant Rent	\$ 860.89	\$ 841.85	\$ 19.04	2.26%

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 2.26% during the fiscal year. This is mainly attributable to an increase in HOME program average tenant rent of 5.95% and an increase in Other Business Activities average tenant rent of 2.27%.



**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, 2020**

**Operational Metrics (Continued)**

<b>Housing Choice Voucher Program Metrics</b>				
	<b>2020</b>	<b>2019</b>	<b>Change</b>	<b>% Change</b>
<b>Occupancy</b>				
Unit Months Available	3,048	3,048	-	0.00%
Unit Months Leased	3,024	2,830	194	6.86%
Occupancy	99.21%	92.85%	6.36%	6.86%
<b>HAP Revenue</b>				
HAP Revenue	\$ 3,265,784	\$ 2,909,864	\$ 355,920	12.23%
Unit Months Leased	3,024	2,830	194	6.86%
Average HAP Revenue	\$ 1,079.96	\$ 1,028.22	\$ 51.73	5.03%
<b>HAP Expense</b>				
HAP Expense	\$ 3,364,756	\$ 2,982,431	\$ 382,325	12.82%
Unit Months Leased	3,024	2,830	194	6.86%
Average HAP Expense	\$ 1,112.68	\$ 1,053.86	\$ 58.82	5.58%

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, 2020**

**ASSETS AND DEFERRED OUTFLOWS  
OF RESOURCES**

**CURRENT ASSETS**

Cash - Unrestricted	\$ 7,537,694
Cash - Restricted - Other	65,282
Cash - Restricted - Tenant Security Deposits	472,566
Receivables, Net	1,091,655
Inventories, Net Allowance of \$11,886	106,976
Prepaid Expenses	678,979
Total Current Assets	9,953,152

**NONCURRENT ASSETS**

Capital Assets Not Being Depreciated	12,590,205
Capital Assets Being Depreciated, Net	51,648,907
Net Capital Assets	64,239,112

Net Pension Asset	351,662
Total Noncurrent Assets	64,590,774

Total Assets	74,543,926
--------------	------------

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows of Resources - Pension Related Items	391,937
Deferred Outflows of Resources - OPEB Related Items	549,991
Total Deferred Outflows of Resources	941,928

Total Assets and Deferred Outflows of Resources	\$ 75,485,854
---	---------------

**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, 2020**

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

**CURRENT LIABILITIES**

Accounts Payable	\$ 812,141
Accrued Liabilities	202,902
Accrued Compensated Absences, Current Portion	293,103
Accounts Payable - HUD PHA Programs	13,165
Accounts Payable - Other Government	66,251
Current Portion of Long-Term Debt	1,548,895
Unearned Revenue	111,979
Total Current Liabilities	3,048,436

**CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

Tenant Security Deposits	472,566
--------------------------	---------

**NONCURRENT LIABILITIES - OTHER**

Long-Term Debt, Net of Current Portion	44,864,095
Accrued Compensated Absences, Net of Current Portion	193,159
Total OPEB Liability	1,440,497
Total Noncurrent Liabilities	46,497,751

Total Liabilities	50,018,753
-------------------	------------

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows of Resources - Pension Related Items	1,076,824
Deferred Inflows of Resources - OPEB Related Items	294,601
Total Deferred Inflows of Resources	1,371,425

**NET POSITION**

Net Investment in Capital Assets	14,510,610
Restricted	844
Unrestricted	9,584,222
Total Net Position	24,095,676

Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 75,485,854
--	---------------

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 REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2020**

**OPERATING REVENUES**

Net Tenant Revenue	\$ 10,254,181
Operating Grants and Subsidies - HUD	4,364,861
Management and Bookkeeping Fees	254,215
Other Revenue	613,949
Total Operating Revenues	<u>15,487,206</u>

**OPERATING EXPENSES**

Administrative	2,226,272
Tenant Services	1,130,884
Utilities	500,470
Maintenance and Operations	3,403,474
Insurance Premiums	1,660,931
General Expenses	605,756
Housing Assistance Payments	3,364,756
Depreciation Expense	2,117,159
Extraordinary Maintenance	358,075
Total Operating Expenses	<u>15,367,777</u>

**INCOME FROM OPERATIONS**

119,429

**NONOPERATING REVENUES (EXPENSES)**

Investment Income - Unrestricted	51,969
Gain on Sale of Assets	3,500
Interest Expense	(1,415,401)
Total Nonoperating Revenues (Expenses)	<u>(1,359,932)</u>

**LOSS BEFORE CAPITAL GRANTS**

(1,240,503)

**CAPITAL GRANTS**

1,614

**CHANGE IN NET POSITION**

(1,238,889)

Net Position - Beginning of Year

25,334,565

**NET POSITION - END OF YEAR**

\$ 24,095,676

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, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts:

Dwelling Rent Receipts	\$ 10,335,031
Operating Subsidies and Grant Receipts	4,662,015
Other Income Receipts	<u>202,816</u>
Total Receipts	15,199,862

Disbursements:

Payments to and Benefits for Employees	4,860,243
Payments to Suppliers	5,645,370
Payments to Landlords	<u>3,363,212</u>
Total Disbursements	<u>13,868,825</u>

Net Cash Provided by Operating Activities 1,331,037

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Interest Paid on Capital Debt	(1,415,401)
Purchase of Capital Assets	(343,042)
Payment of Debt Principal	(1,493,217)
Capital Grant Receipts	1,614
Proceeds from Sale of Capital Assets	<u>8,334</u>
Net Cash Used by Capital and Related Financing Activities	(3,241,712)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment Income	<u>51,969</u>
-------------------	---------------

**NET DECREASE IN CASH** (1,858,706)

Cash - Beginning of Year 9,934,248

**CASH - END OF YEAR** \$ 8,075,542

**REPORTED AS:**

Cash - Unrestricted	\$ 7,537,694
Cash - Restricted - Other	65,282
Cash - Restricted - Tenant Security Deposits	<u>472,566</u>
Total Cash - End of Year	<u><u>\$ 8,075,542</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, 2020**

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

Income from Operations	\$ 119,429
Adjustments to Reconcile Net Income from Operations to Net Cash Provided by Operating Activities:	
Depreciation Expense	2,117,159
Allowance for Doubtful Accounts	31,363
Inventory Allowance	457
(Increase) Decrease in Assets and Deferred Outflows:	
Accounts Receivables - Tenants	(29,596)
Accounts Receivables - HUD Other Projects	297,154
Accounts Receivables - Miscellaneous	(12,868)
Accounts Receivables - Other Governments	(652,480)
Inventories	(4,571)
Prepaid Expenses and Other Current Assets	(58,139)
Deferred Outflows of Resources - Pension Related	26,063
Net Pension Asset	(351,662)
Deferred Outflows of Resources - OPEB Related	(195,466)
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	(390,264)
Accounts Payable - Other Governments	(35,039)
Accounts Payable - HUD PHA Programs	1,544
Accrued Wage/Payroll Taxes Payable	67,005
Accrued Compensated Absences	48,993
Unearned Revenue	62,573
Tenant Security Deposits	16,510
Other Current Liabilities	(108,803)
Total Other Postemployment Benefits Liability	381,302
Net Pension Liability	(107,447)
Deferred Inflows of Resources - Pension Related	162,317
Deferred Inflows of Resources - OPEB Related	(54,497)
	<u>                    </u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,331,037</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, 2020**

**ASSETS**

**CURRENT ASSETS**

Cash	\$	84,789
Investments:		
Money Market Funds		2,000
Mutual Funds		13,638,331
Total Investments, at Fair Value		<u>13,640,331</u>
Receivables:		
Participant Loans		10,883
Total Receivables		<u>10,883</u>
Prepaid Expenses		<u>3,323</u>
Total Current Assets	\$	<u><u>13,739,326</u></u>

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts Payable	\$	875
Due to Primary Government		18,323
Total Current Liabilities		<u>19,198</u>

**NET POSITION RESTRICTED FOR PENSION BENEFITS**

		<u>13,720,128</u>
Total Liabilities and Net Position	\$	<u><u>13,739,326</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, 2020**

**ADDITIONS**

Employer Contributions	\$ 384,699
Investment Income:	
Net Change in Fair Value of Investments	1,124,657
Interest	1,501
Dividends	357,594
Total Investment Income	<u>1,483,752</u>
Less: Investment Expenses	98,449
Net Investment Income	<u>1,385,303</u>
 Total Additions	 1,770,002

**DEDUCTIONS**

Benefits Paid to Participants	532,160
Administrative Fees	25,170
Total Deductions	<u>557,330</u>

**CHANGE IN NET POSITION**

1,212,672

Net Position - Beginning of Year

12,507,456

**NET POSITION - END OF YEAR**

\$ 13,720,128

**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, 2020**

**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, 2020**

**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, 2020**

**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 (\$384,699 for the year ended December 31, 2020) 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, 2020**

**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 (Jack T. Murray Senior 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, 2020**

**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, 3<sup>rd</sup> & 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, 2020**

**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.

**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, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

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.



**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, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**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, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

The Authority considers all highly liquid instruments, including certificates of deposit and short-term investments with an original maturity of three months or less to be cash equivalents. At December 31, 2020, 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.

**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, 2020, the Authority's enterprise fund book balance of cash was \$8,075,542 and the bank balance was \$8,658,884 and the Authority's Pension Trust Fund book balance of cash was \$84,789 and the bank balance was \$84,789.

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 HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA  
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

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, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap Equity	30.00 %
International Equity	20.00
Fixed Income	50.00
Absolute Return	-
Total	<u>100.00 %</u>

As of December 31, 2020, the Pension Trust Fund had the following investments and maturities:

<u>Type of Investments</u>	<u>Fair Value</u>	<u>Average Duration in Years</u>	<u>Credit Rating</u>
<b>Fixed Income Mutual Funds:</b>			
PIMCO Investment Fund	\$ 867,412	2.5	Not Rated
PIMCO Investment Grade Corporate	974,787	7.9	Not Rated
Dodge & Cox Income Fund	798,351	5.4	A
Total Fixed Income Mutual Funds	<u>2,640,550</u>		
<b>Absolute Return Funds:</b>			
Columbia Adaptive Risk Allocation Fund	<u>2,728,636</u>	N/A	N/A
Total Absolute Return Funds	2,728,636	N/A	N/A
<b>Equity Mutual Funds:</b>			
Vanguard 500 Index Fund	2,822,435		
Vanguard Total International Stock Index	1,284,275	N/A	N/A
Vanguard Dividend Growth Fund	2,932,312	N/A	N/A
Vanguard Small Cap Index	<u>1,230,123</u>	N/A	N/A
Total Equity Mutual Funds	8,269,145	N/A	N/A
<b>Money Market:</b>			
Goldman Sach Fin Sq Tr	<u>2,000</u>		
Total Investments	<u>\$ 13,640,331</u>	N/A	N/A

**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, 2020**

**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.

**Credit Risk**

The Pension Trust Fund minimizes credit risk by following these guidelines for fixed income securities:

1. The fixed income portfolio shall comply with the following guidelines:
  - a. The average credit quality of the bond portfolio shall be "A" or higher.
  - b. The duration of the fixed income portfolio should be less than 135% of the duration of the market index. The market index is defined as the Barclays Capital Aggregate Bond Index.
2. Investments in all corporate fixed income securities shall be limited to:
  - a. those securities rated below "BBB" shall not exceed 15% of the entire fixed income portfolio.
  - b. securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia.
  - c. no more than 10% at cost of an investment managers' total fixed income portfolio shall be invested in the securities of any single corporate issuer.
3. Collateralized Mortgage Obligations (CMOs) shall be limited to 15% of the market value of the investment managers' total fixed income portfolio. Residential private security CMOs are prohibited. Agency CMOs may be purchased without restriction.
4. Futures contracts may be used on a non-levered basis for duration adjustment and yield curve positioning purposes.
5. There is no limit imposed on investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof.

**Money-Weighted Rate of Return**

For the years ended December 31, 2020 the money-weighted rate of return, net of investment expenses and adjusted for the changing amounts actually invested, for the Plan was 11.5%.

**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, 2020**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Foreign Currency Risk**

This risk relates to the potential, unfavorable fluctuation of exchange rates compared with the U.S. Dollar. The Plan did not have exposure to foreign currency risk as of December 31, 2020 and 2019.

The Plan recognizes the value of global diversification and investments in foreign securities shall be limited to 25% (at market) of the total investment portfolio. The board may achieve diversification in foreign equity through commingled fund or institutional mutual fund vehicles. These pooled investments are considered an investment in foreign securities.

American Depository Receipts (ADRs) and foreign ordinary securities traded on domestic exchanges are United States dollar-denominated securities listed and traded on a United States exchange and are considered part of the ordinary investment strategy of the Board. These securities are not considered foreign securities and may be purchased by separate account managers without limitation.

**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.

**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, 2020**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Fair Value Measurements (Continued)**

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.

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, 2020
	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	\$ 2,822,435	\$ -	\$ -	\$ 2,822,435
Vanguard Total International Stock Index	1,284,275	-	-	1,284,275
Columbia Adaptive Risk Allocation Fund	2,728,636	-	-	2,728,636
Vanguard Dividend Growth Fund	2,932,312	-	-	2,932,312
Vanguard Small Cap Index	1,230,123	-	-	1,230,123
PIMCO Investment Fund	867,412	-	-	867,412
PIMCO Investment Grade Corporate	974,787	-	-	974,787
Dodge & Cox Income Fund	798,351	-	-	798,351
Goldman Sach Fin Sq Tr	2,000	-	-	2,000
Total Investments by Fair Value Level	<u>\$ 13,640,331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,640,331</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, 2020**

**NOTE 3 ACCOUNTS RECEIVABLE**

As of December 31, 2020, the Proprietary Fund accounts receivable consisted of the following:

	Amount
Tenant Accounts Receivable:	
Dwelling Rents	\$ 116,322
Allowance for Doubtful Accounts - Dwelling Rents	(34,845)
Net Tenant Accounts Receivables	81,477
 Amounts Due from Other Governments:	
U.S. Department of Housing and Urban Development	135,779
Other Governments	843,440
Due from Fiduciary Fund	15,964
Total Amounts Due from Other Governments	995,183
 Accounts Receivable - Miscellaneous	14,995
 Total Receivables	\$ 1,091,655

As of December 31, 2020, the Pension Trust Fund accounts receivable consisted of the following:

	Amount
Accounts Receivable - Miscellaneous	\$ 10,883
Total Receivables	\$ 10,883

**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, 2020**

**NOTE 4 CAPITAL ASSETS**

The changes in capital assets for the year ended December 31, 2020 were as follows:

	Beginning Balance	Additions	Deletions	Other Adjustments	Ending Balance
<b>Nondepreciable Capital Assets:</b>					
Land	\$ 11,523,552	\$ -	\$ -	\$ -	\$ 11,523,552
Construction in Progress	984,164	82,489	-	-	1,066,653
Total Nondepreciable Capital Assets	12,507,716	82,489	-	-	12,590,205
<b>Depreciable Capital Assets:</b>					
Buildings	86,827,373	150,533	2,748	-	86,975,158
Infrastructure	1,206,645	-	-	-	1,206,645
Administrative Equipment	2,170,126	110,020	12,941	-	2,267,205
Total Depreciable Capital Assets	90,204,144	260,553	15,689	-	90,449,008
<b>Accumulated Depreciation:</b>					
Buildings	34,778,026	1,921,453	-	-	36,699,479
Infrastructure	497,452	29,213	-	-	526,665
Administrative Equipment	1,418,319	166,493	(10,855)	-	1,573,957
Total Accumulated Depreciation	36,693,797	2,117,159	(10,855)	-	38,800,101
 Total Capital Assets, Being Depreciated, Net	 53,510,347	 (1,856,606)	 4,834	 -	 51,648,907
 Capital Assets, Net	 \$ 66,018,063	 \$ (1,774,117)	 \$ 4,834	 \$ -	 \$ 64,239,112

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



**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, 2020**

**NOTE 5 CHANGES IN LONG-TERM LIABILITIES**

The Authority has several notes and bond issues outstanding as of December 31, 2020. 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, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Notes	\$ 42,870,048	\$ -	\$ 1,408,542	\$ 41,461,506	\$ 1,460,281
Notes Payable	5,036,159	-	84,675	4,951,484	88,614
Compensated Absences	437,269	104,899	55,906	486,262	293,102
Total	<u>\$ 48,343,476</u>	<u>\$ 104,899</u>	<u>\$ 1,549,123</u>	<u>\$ 46,899,252</u>	<u>\$ 1,841,997</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, 2020 is \$382,572.

**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, 2020**

**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 2 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, 2020 is \$1,255,790.

**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. The loan bears interest at 4.00%.

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, 2020 is \$7,112,137.

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, 2020 is \$175,803.

**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, 2020**

**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 acres 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, 2020 is \$7,493,745 for the 2014A and \$1,576,001 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, 2020 is \$1,040,490 and \$1,636,000, respectively.

**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, 2020**

**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, 2020, the outstanding balance of the 2015A Note is \$7,589,808 and \$1,230,468 for the 2015B Note and \$9,491,658 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, 2020.

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, 2020 is \$2,102,347.

**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, 2020 is \$1,399,544. The note is collateralized by the property.

**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, 2020**

**NOTE 6 REVENUE NOTES AND NOTES PAYABLE (CONTINUED)**

**Affordable Housing Programs (Continued)**

As of December 31, 2020, annual debt service requirements of business-type activities to maturity are as follows:

<u>Year Ending December 31,</u>	<u>Revenue Notes</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,460,281	\$ 1,346,791	\$ 88,614	\$ 45,604
2022	1,477,050	1,295,091	92,740	41,479
2023	1,530,689	1,241,455	97,058	37,161
2024	8,416,685	1,059,335	101,577	113,661
2025	1,027,024	882,446	106,306	27,912
2026-2030	6,608,070	3,757,747	554,195	60,972
2031-2035	9,698,099	2,617,268	1,500,000	-
2036-2040	5,170,451	1,302,555	1,636,000	-
2041-2045	6,073,157	539,972	774,994	-
Thereafter	-	-	-	-
Total	<u>\$ 41,461,506</u>	<u>\$ 14,042,660</u>	<u>\$ 4,951,484</u>	<u>\$ 326,789</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.

**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, 2020**

**NOTE 7 RETIREMENT PLAN (CONTINUED)**

**Employees Covered by Benefit Terms**

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	46
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	15
Active Employees	<u>52</u>
Total	<u><u>113</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.

**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, 2020**

**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 12.5% for the year ended December 31, 2020. During the current year, the Authority adjusted its contribution for actual payroll paid during the year.

**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, 2020**

**NOTE 7 RETIREMENT PLAN (CONTINUED)**

**Net Pension Liability**

The Authority's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 updated to December 31, 2020.

*Actuarial assumptions:* The total pension liability in the January 1, 2020 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	6.75%
Investment Rate of Return	6.75%

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 2018.

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	4.90%
International Equity	5.32%
Fixed Income	3.55%
Cash	0.75%

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



**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, 2020**

**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 (Asset)
Balance at December 31, 2019	\$ 12,614,807	\$ 12,507,360	\$ 107,447
Changes for the Year			
Service Cost	238,090	-	238,090
Interest	881,173	-	881,173
Difference Between Expected and Actual Experience	70,094	-	70,094
Changes in Assumptions	93,725	-	93,725
Contributions - Employer	-	384,699	(384,699)
Net Investment Income	-	1,418,154	(1,418,154)
Benefit Payments, Including Refunds of Employee Contributions	(529,422)	(529,422)	-
Administrative Expenses	-	(60,662)	60,662
Net Changes	<u>753,660</u>	<u>1,212,769</u>	<u>(459,109)</u>
Balance at December 31, 2020	<u>\$ 13,368,467</u>	<u>\$ 13,720,129</u>	<u>\$ (351,662)</u>

*Sensitivity of the net pension liability to changes in the discount rate:* The following presents the net pension liability of the Authority, calculated using the discount rate of 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	Discount Rate		
	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	\$ 1,028,026	\$ (351,662)	\$ (1,499,218)

**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, 2020**

**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, 2020, the Authority recognized pension expense of \$532,160. At December 31, 2020, 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	\$ 56,076	\$ 243,678
Changes of Assumptions	335,861	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	833,146
Total	\$ 391,937	\$ 1,076,824

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>
2021	\$ (216,594)
2022	4,461
2023	(395,552)
2024	(77,202)
Total	\$ (684,887)

**NOTE 8 POSTEMPLOYMENT 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, 2020, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries, Currently Receiving Benefits	6
Active Plan Members	60
Total	66

**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, 2020**

**NOTE 8 POSTEMPLOYMENT 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, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020.

*Actuarial assumptions:* The total OPEB liability in the December 31, 2020 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	1.93%
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 3.26% as of December 31, 2019 to 1.93% as of December 31, 2020. 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, 2020**

**NOTE 8 POSTEMPLOYMENT 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, 2019	\$ 1,146,778
Changes for the Year	
Service Cost	34,517
Interest	37,482
Differences Between Expected and Actual Experience	-
Changes in Assumptions	285,323
Contributions - Employer	-
Benefit Payments	(63,603)
Administrative Expenses	-
Net Changes	293,719
Balance at December 31, 2020	\$ 1,440,497

*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 (0.93%) or one percentage-point higher (2.93%) than the current discount rate:

	Discount Rate		
	1% Decrease (0.93)%	Current (1.93)%	1% Increase (2.93)%
Net OPEB liability	\$ 1,737,718	\$ 1,440,497	\$ 1,216,726

*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	\$ 1,404,026	\$ 1,440,497	\$ 1,483,091

**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, 2020**

**NOTE 8 POSTEMPLOYMENT 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, 2020, the Authority recognized OPEB expense of \$108,858.

On December 31, 2020, the Authority reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 275,517	\$ -
Changes of Assumptions	274,474	294,601
Total	<u>\$ 549,991</u>	<u>\$ 294,601</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 35,359
2022	35,359
2023	35,359
2024	27,087
2025	43,279
Thereafter	78,947

**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, 2020**

**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, 2020		For Year Ended December 31, 2020	
	Due From	Due To	Management Fees	Bookkeeping Fees
City of Key West, Florida	\$ 111,280	\$ 62,819	\$ -	\$ -
Monroe County Housing Authority	237,955	-	232,996	21,219
Monroe County Housing Corporation, Inc.	-	3,432	(32,322)	-
Marathon Housing Associates, LTD.	485,543	-	-	-
Total	<u>\$ 834,778</u>	<u>\$ 66,251</u>	<u>\$ 200,674</u>	<u>\$ 21,219</u>

**NOTE 10 COMMITMENTS, CONTINGENCIES, RISKS AND UNCERTAINTIES**

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.

During 2020, 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 2021 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.

**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 HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA**  
**(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 11 ECONOMIC DEPENDENCY (CONTINUED)**

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 table below shows the revenue allocation by activity for the year ended December 31, 2020.

	<u>Total Revenue</u>	<u>Percentage of Total Revenue</u>
<b>Revenue from HUD</b>		
Section 8 Housing Choice Voucher - HAP	\$ 3,265,784	21.01 %
Section 8 Housing Choice Voucher - Administrative	282,522	1.82
Section 8 Housing Choice Voucher - CARES Act	48,593	0.31
Public and Indian Housing	218,985	1.41
Capital Fund Program	516,886	3.33
Public Housing - CARES Act	<u>33,705</u>	<u>0.22</u>
Total HUD Funding	4,366,475	28.10
<b>Non-HUD Funding</b>		
Tenant Rental Revenue, Net of Bad Debt	9,773,802	62.88
Tenant Revenue Other	480,379	3.09
Other Revenue	868,164	5.58
Investment Income (Unrestricted)	51,969	0.33
Gain/Loss on Sale	<u>3,500</u>	<u>0.02</u>
Total Non-HUD Funding	<u>11,177,814</u>	<u>71.90</u>
Total Revenue	<u>\$ 15,544,289</u>	<u>100.00 %</u>

**NOTE 12 SUBSEQUENT EVENTS**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through July 13, 2021 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the Notes to the Financial Statements.

**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\***

	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>							
Service Cost	\$ 238,090	\$ 227,802	\$ 224,727	\$ 193,005	\$ 254,915	\$ 223,158	\$ 209,477
Interest	881,172	846,072	827,611	836,436	785,234	714,968	699,929
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	70,094	(90,357)	(114,078)	(719,162)	(70,582)	(152,973)	28,621
Changes of Assumptions	93,725	-	518,812	266,784	279,907	14,586	-
Benefit Payments, Including Refunds of Member Contributions	(529,422)	(455,308)	(361,122)	(372,272)	(265,544)	(275,901)	(347,169)
<b>Net Change in Total Pension Liability</b>	<u>753,659</u>	<u>528,209</u>	<u>1,095,950</u>	<u>204,791</u>	<u>983,930</u>	<u>523,838</u>	<u>590,858</u>
<b>Total Pension Liability - Beginning</b>	<u>12,614,807</u>	<u>12,086,598</u>	<u>10,990,648</u>	<u>10,785,857</u>	<u>9,801,927</u>	<u>9,278,089</u>	<u>8,687,231</u>
<b>Total Pension Liability - Ending (A)</b>	<u><u>\$ 13,368,466</u></u>	<u><u>\$ 12,614,807</u></u>	<u><u>\$ 12,086,598</u></u>	<u><u>\$ 10,990,648</u></u>	<u><u>\$ 10,785,857</u></u>	<u><u>\$ 9,801,927</u></u>	<u><u>\$ 9,278,089</u></u>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 384,699	\$ 363,806	\$ 266,301	\$ 419,198	\$ 2,551,364	\$ 464,186	\$ 457,983
Net Investment Income	1,385,303	2,203,014	(795,590)	1,380,673	546,206	(95,095)	341,879
Benefit Payments, Including Refunds of Member Contributions	(532,160)	(455,308)	(361,123)	(372,272)	(265,544)	(275,901)	(347,169)
Administrative Expense	(25,170)	(23,598)	(23,438)	(24,782)	(60,250)	(21,870)	(17,241)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>1,212,672</u>	<u>2,087,914</u>	<u>(913,850)</u>	<u>1,402,817</u>	<u>2,771,776</u>	<u>71,320</u>	<u>435,452</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>12,507,456</u>	<u>10,419,542</u>	<u>11,333,392</u>	<u>9,930,575</u>	<u>7,158,799</u>	<u>7,087,479</u>	<u>6,652,027</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u><u>\$ 13,720,128</u></u>	<u><u>\$ 12,507,456</u></u>	<u><u>\$ 10,419,542</u></u>	<u><u>\$ 11,333,392</u></u>	<u><u>\$ 9,930,575</u></u>	<u><u>\$ 7,158,799</u></u>	<u><u>\$ 7,087,479</u></u>
<b>Net Pension Liability (Asset) - Ending (A) - (B)</b>	<u><u>\$ (351,662)</u></u>	<u><u>\$ 107,351</u></u>	<u><u>\$ 1,667,056</u></u>	<u><u>\$ (342,744)</u></u>	<u><u>\$ 855,282</u></u>	<u><u>\$ 2,643,128</u></u>	<u><u>\$ 2,190,610</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	102.63%	99.15%	86.21%	103.12%	92.07%	73.03%	76.39%
<b>Covered Payroll</b>	\$ 3,077,591	\$ 2,880,875	\$ 2,868,610	\$ 2,873,176	\$ 3,073,967	\$ 2,680,502	\$ 2,539,765
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	-11.43%	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

For measurement date 12/31/2020, as mandated by chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for non-special-risk employees. In addition, the investment rate of return assumption was lowered from 7.00% to 6.75%, net of investment related expenses.

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 was 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 Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2020	\$ 377,505	\$ 384,699	\$ (7,194)	\$ 3,077,591	1250.00%
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, Scale 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 four 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\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 34,517	\$ 39,757	\$ 46,050
Interest	37,482	43,632	39,226
Difference between expected and actual experience	-	367,355	-
Changes of Assumptions	285,323	(306,443)	(113,344)
Benefit Payments	<u>(63,603)</u>	<u>(43,477)</u>	<u>(40,071)</u>
<b>Net Change in total OPEB Liability (A)</b>	293,719	100,824	(68,139)
<b>Total OPEB liability - beginning</b>	<u>1,146,778</u>	<u>1,045,954</u>	<u>1,114,093</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 1,440,497</u></u>	<u><u>\$ 1,146,778</u></u>	<u><u>\$ 1,045,954</u></u>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	0.00%	0.00%	0.00%
<b>Covered Employee Payroll</b>	\$ 3,184,473	\$ 3,061,993	\$ 3,004,164
<b>Net OPEB Liability as a Percentage of the Covered Employee Payroll</b>	45.24%	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, 2020**

Line Item No.	Account Description	Programs								Eliminations	Subtotal	Fiduciary Fund	Total	
		Project Totals	PHC Public Housing CARES Act Funding	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	HCV CARES Act Funding	Community Development Block Grant	Other Business Activities					Central Office Cost Center
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>														
<b>CURRENT ASSETS</b>														
Cash:														
111	Unrestricted	\$ 1,532,094	\$ -	\$ -	\$ 56,641	\$ 263,555	\$ -	\$ 1,084,825	\$ 3,258,687	\$ 1,341,892	\$ -	\$ 7,537,694	\$ 84,789	\$ 7,622,483
113	Other Restricted	-	-	-	-	-	64,438	-	844	-	-	65,282	-	65,282
114	Tenant Security Deposits	95,600	-	-	8,600	-	-	-	368,366	-	-	472,566	-	472,566
100	Total Cash	1,627,694	-	-	65,241	263,555	64,438	1,084,825	3,627,897	1,341,892	-	8,075,542	84,789	8,160,331
Accounts and Notes Receivables:														
122	Accounts Receivable - HUD Other Projects	135,779	-	-	-	-	-	-	-	-	-	135,779	-	135,779
124	Accounts Receivable - Other Government	-	-	-	-	-	-	-	6,303	853,101	-	859,404	-	859,404
125	Accounts Receivable - Miscellaneous	11,560	-	-	-	-	-	-	-	3,435	-	14,995	10,883	25,878
126	Accounts Receivable - Tenants	46,440	-	-	1,160	-	-	-	68,722	-	-	116,322	-	116,322
126.1	Allowance for Doubtful Accounts Tenants	(10,875)	-	-	(816)	-	-	-	(23,154)	-	-	(34,845)	-	(34,845)
127	Notes, Loans, and Mortgages Receivable - Current	-	-	-	-	-	-	-	2,917,688	175,803	(3,093,491)	-	-	-
120	Total Receivables, Net	182,904	-	-	344	-	-	-	2,969,559	1,032,339	(3,093,491)	1,091,655	10,883	1,102,538
Investments:														
131	Unrestricted	-	-	-	-	-	-	-	-	-	-	-	13,640,331	13,640,331
	Total Investments	-	-	-	-	-	-	-	-	-	-	-	13,640,331	13,640,331
Other Current Assets:														
142	Prepaid Expenses and Other Assets	225,527	-	-	9,478	955	-	-	423,910	19,109	-	678,979	3,323	682,302
143	Inventories	-	-	-	-	-	-	-	-	118,862	-	118,862	-	118,862
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	(11,886)	-	(11,886)	-	(11,886)
144	Inter-Program - Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Other Current Assets	225,527	-	-	9,478	955	-	-	423,910	126,085	-	785,955	3,323	789,278
150	Total Current Assets	2,036,125	-	-	75,063	264,510	64,438	1,084,825	7,021,366	2,500,316	(3,093,491)	9,953,152	13,739,326	23,692,478
<b>NONCURRENT ASSETS</b>														
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	-	-	-	54,282,885	88,885	-	86,975,158	-	86,975,158
164	Furniture, Equipment, and Machinery - Admin	1,167,858	-	83,446	9,618	45,589	-	-	467,527	493,167	-	2,267,205	1,349	2,268,554
166	Accumulated Depreciation	(22,779,348)	-	(108,446)	(891,642)	(15,871)	-	-	(14,656,534)	(348,260)	-	(38,800,101)	(1,349)	(38,801,450)
167	Construction in Progress	-	-	-	-	-	-	-	15,000	-	-	1,066,653	-	1,066,653
168	Infrastructure	77,026	-	-	24,136	-	-	-	1,105,483	-	-	1,206,645	-	1,206,645
160	Total Capital Asset, Net	10,000,448	-	-	1,369,462	29,718	-	1,051,653	50,129,039	1,658,792	-	64,239,112	-	64,239,112
Other Assets:														
171	Notes and Loans Receivable - Noncurrent	-	-	-	-	-	-	-	336,876	-	(336,876)	-	-	-
174	Other Assets	100,398	-	-	2,207	9,370	-	-	50,007	189,680	-	351,662	-	351,662
180	Total Noncurrent Assets	10,100,846	-	-	1,371,669	39,088	-	1,051,653	50,515,922	1,848,472	(336,876)	64,590,774	-	64,590,774
190	Total Assets	12,136,971	-	-	1,446,732	303,598	64,438	2,136,478	57,537,288	4,348,788	(3,430,367)	74,543,926	13,739,326	88,283,252
200	Deferred Outflows of Resources	111,897	-	-	2,459	10,443	-	-	55,735	781,394	-	941,928	-	941,928
290	Total Assets and Deferred Outflows of Resources	\$ 12,248,868	\$ -	\$ -	\$ 1,449,191	\$ 314,041	\$ 64,438	\$ 2,136,478	\$ 57,593,023	\$ 5,110,182	\$ (3,430,367)	\$ 75,485,854	\$ 13,739,326	\$ 89,225,180

**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, 2020**

Line Item No.	Account Description	Programs										Eliminations	Subtotal	Fiduciary Fund	Total	
		Project Totals	PHC Public Housing CARES Act Funding	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	HCV CARES Act Funding	Community Development Block Grant	Other Business Activities	Central Office Cost Center						
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>																
<b>CURRENT LIABILITIES</b>																
312	Accounts Payable ≤ 90 Days	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,420	\$ -	\$ 675,721	\$ -	\$ 812,141	\$ 875	\$ 813,016		\$ 813,016	
321	Accrued Wages/Payroll Taxes Payable	57,302	-	-	1,321	4,849	-	58	73,968	65,404	-	202,902	-	202,902		
322	Accrued Compensated Absences - Current	11,000	-	-	200	450	-	-	3,567	277,886	-	293,103	-	293,103		
331	Accounts Payable - HUD PHA Programs	-	-	-	-	13,165	-	-	-	-	-	13,165	-	13,165		
333	Accounts Payable - Other Government	62,819	-	-	-	-	-	-	-	-	3,432	66,251	18,323	84,574		
341	Tenant Security Deposits	95,600	-	-	8,600	-	-	-	368,366	-	-	472,566	-	472,566		
342	Unearned Revenue	9,110	-	-	1,877	-	64,438	-	36,554	-	-	111,979	-	111,979		
343	Current Portion of LT Debt - Capital Projects	-	-	-	87,266	-	-	-	1,683,128	-	(221,499)	1,548,895	-	1,548,895		
344	Current Portion of LT Debt - Operating Borrowings	-	-	-	-	-	-	-	2,871,992	-	(2,871,992)	-	-	-		
347	Inter-Program - Due to Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	-		
310	Total Current Liabilities	235,831	-	-	99,264	18,464	64,438	136,478	5,037,575	1,022,443	(3,093,491)	3,521,002	19,198	3,540,200		
<b>NONCURRENT LIABILITIES</b>																
351	Long-Term Debt, Net of Current - Capital Projects	-	-	-	1,694,850	-	-	-	42,731,121	775,000	(336,876)	44,864,095	-	44,864,095		
354	Accrued Compensated Absences - Noncurrent	99,000	-	-	1,796	4,049	-	-	32,107	56,207	-	193,159	-	193,159		
357	OPEB and Pension Liabilities	-	-	-	-	-	-	-	-	1,440,497	-	1,440,497	-	1,440,497		
350	Total Noncurrent Liabilities	99,000	-	-	1,696,646	4,049	-	-	42,763,228	2,271,704	(336,876)	46,497,751	-	46,497,751		
300	Total Liabilities	334,831	-	-	1,795,910	22,513	64,438	136,478	47,800,803	3,294,147	(3,430,367)	50,018,753	19,198	50,037,951		
400	Deferred Inflows of Resources	307,429	-	-	6,757	28,692	-	-	153,128	875,419	-	1,371,425	-	1,371,425		
<b>NET POSITION</b>																
508.4	Net Investment in Capital Assets	10,000,448	-	-	(412,654)	29,718	-	1,051,653	2,842,798	440,272	558,375	14,510,610	-	14,510,610		
511.4	Restricted	-	-	-	-	-	-	-	844	-	-	844	-	844		
512.4	Unrestricted	1,606,160	-	-	59,178	233,118	-	948,347	6,795,450	500,344	(558,375)	9,584,222	13,720,128	23,304,350		
513	Total Net Position	11,606,608	-	-	(353,476)	262,836	-	2,000,000	9,639,092	940,616	-	24,095,676	13,720,128	37,815,804		
600	Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 12,248,868	\$ -	\$ -	\$ 1,449,191	\$ 314,041	\$ 64,438	\$ 2,136,478	\$ 57,593,023	\$ 5,110,182	\$ (3,430,367)	\$ 75,485,854	\$ 13,739,326	\$ 89,225,180		

**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, 2020**

Line Item No.	Account Description	Programs										Eliminations	Subtotal	Fiduciary Fund	Total	
		Project Totals	PHC Public Housing CARES Act Funding	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	HCV CARES Act Funding	Community Development Block Grant	Other Business Activities	Central Office Cost Center						
<b>REVENUE</b>																
70300	Net Tenant Rental Revenue	\$ 2,982,448	\$ -	\$ -	\$ 283,120	\$ -	\$ -	\$ -	\$ 6,572,704	\$ -	\$ -	\$ 9,838,272	\$ -	\$ 9,838,272		
70400	Tenant Revenue - Other	274,011	-	-	8,438	-	-	-	197,930	-	-	480,379	-	480,379		
70500	Total Tenant Revenue	3,256,459	-	-	291,558	-	-	-	6,770,634	-	-	10,318,651	-	10,318,651		
70600	HUD PHA Operating Grants	734,257	33,705	-	-	3,548,306	48,593	-	-	-	-	4,364,861	-	4,364,861		
70610	Capital Grants	1,614	-	-	-	-	-	-	-	-	-	1,614	-	1,614		
70710	Management Fee	-	-	-	-	-	-	-	-	1,009,323	(1,009,323)	-	-	-		
70720	Asset Management Fees	-	-	-	-	-	-	-	-	70,800	(70,800)	-	-	-		
70730	Book-Keeping Fee	-	-	-	-	-	-	-	-	74,828	(74,828)	-	-	-		
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	91,510	(91,510)	-	-	-		
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	1,246,461	(1,246,461)	-	-	-		
71100	Investment Income - Unrestricted	14,742	-	-	180	500	-	-	31,559	4,988	-	51,969	359,095	411,064		
71500	Other Revenue	104,200	-	-	2,403	4,434	-	-	256,107	501,020	-	868,164	1,509,356	2,377,520		
71600	Gain / (Loss) on Sale of Assets	-	-	-	-	-	-	-	3,500	-	-	3,500	-	3,500		
70000	Total Revenue	4,111,272	33,705	-	294,141	3,553,240	48,593	-	7,061,800	1,752,469	(1,246,461)	15,608,759	1,868,451	17,477,210		
<b>EXPENSES</b>																
Administrative:																
91100	Administrative Salaries	238,705	-	-	11,226	67,897	-	-	181,690	751,263	-	1,250,781	-	1,250,781		
91200	Auditing Fees	15,300	-	-	911	10,746	-	-	22,979	5,564	-	55,500	8,500	64,000		
91300	Management Fee	508,354	-	-	16,987	36,288	-	-	447,694	-	(1,009,323)	-	-	-		
91310	Book-Keeping Fee	52,148	-	-	-	22,680	-	-	-	-	(74,828)	-	-	-		
91500	Employee Benefit Contributions - Administrative	108,188	-	-	4,835	25,778	-	-	65,249	346,122	-	550,172	-	550,172		
91600	Office Expenses	38,085	-	-	2,766	6,186	-	-	34,312	79,692	-	161,041	-	161,041		
91700	Legal Expense	4,993	-	-	-	-	-	-	12,194	3,870	-	21,057	4,360	25,417		
91800	Travel	-	-	-	-	-	-	-	75	2,525	-	2,600	-	2,600		
91900	Other	3,362	-	-	3,873	5,572	-	-	42,740	129,574	-	185,121	6,548	191,669		
91000	Total Operating - Administrative	969,135	-	-	40,598	175,147	-	-	806,933	1,318,610	(1,084,151)	2,226,272	19,408	2,245,680		



**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, 2020**

Line Item No.	Account Description	Programs										Eliminations	Subtotal	Fiduciary Fund	Total	
		Project Totals	PHC Public Housing CARES Act Funding	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	HCV CARES Act Funding	Community Development Block Grant	Other Business Activities	Central Office Cost Center						
<b>EXPENSES (CONTINUED)</b>																
Asset Management Fee																
92000	Asset Management Fee	\$ 70,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (70,800)	\$ -	\$ -	\$ -
Tenant Services:																
92100	Tenant Services - Salaries	200,714	-	-	1,650	12,374	-	-	535,793	-	-	-	750,531	-	-	750,531
92300	Employee Benefit Contributions - Tenant Services	85,496	-	-	845	6,062	-	-	177,759	-	-	-	270,162	-	-	270,162
92400	Other	177	-	-	-	-	-	-	108,644	1,370	-	-	110,191	-	-	110,191
92500	Total Tenant Services	286,387	-	-	2,495	18,436	-	-	822,196	1,370	-	-	1,130,884	-	-	1,130,884
Utilities:																
93100	Water	64,549	-	-	916	-	-	-	18,926	1,540	-	-	85,931	-	-	85,931
93200	Electricity	205,716	-	-	3,763	-	-	-	124,395	29,288	-	-	363,162	-	-	363,162
93300	Gas	-	-	-	-	-	-	-	4,049	-	-	-	4,049	-	-	4,049
93800	Other Utilities Expense	-	-	-	-	-	-	-	47,328	-	-	-	47,328	-	-	47,328
93000	Total Utilities	270,265	-	-	4,679	-	-	-	194,698	30,828	-	-	500,470	-	-	500,470
Ordinary Maintenance and Operation:																
94100	Ordinary Maintenance and Operations- Labor	430,964	13,088	-	12,142	-	-	-	570,723	228,935	-	-	1,255,852	-	-	1,255,852
94200	Ordinary Maintenance and Operations- Material and Other	294,123	-	-	19,373	82	-	-	296,432	51,205	-	-	661,215	-	-	661,215
94300	Ordinary Maintenance and Operations- Contracts	488,715	-	-	7,915	1,952	-	-	525,342	24,018	(91,510)	-	956,432	-	-	956,432
94500	Employee Benefit Contributions - Ordinary Maintenance	224,114	6,743	-	6,480	-	-	-	247,187	45,451	-	-	529,975	-	-	529,975
94000	Total Maintenance	1,437,916	19,831	-	45,910	2,034	-	-	1,639,684	349,609	(91,510)	-	3,403,474	-	-	3,403,474
Insurance Premiums:																
96120	Liability Insurance	-	-	-	-	-	-	-	-	-	-	-	-	5,762	-	5,762
96140	All Other Insurance	613,108	-	-	38,820	3,972	-	-	934,427	70,604	-	-	1,660,931	-	-	1,660,931
96100	Total Insurance Premiums	613,108	-	-	38,820	3,972	-	-	934,427	70,604	-	-	1,660,931	5,762	-	1,666,693
General Expenses:																
96200	Other General Expenses	48,723	6,374	-	-	11,459	27,118	-	131,966	87,919	-	-	313,559	630,609	-	944,168
96210	Compensated Absences	65,671	-	-	1,440	6,180	-	-	48,711	107,376	-	-	229,378	-	-	229,378
96300	Payments in Lieu of Taxes	62,819	-	-	-	-	-	-	-	-	-	-	62,819	-	-	62,819
96400	Bad Debt - Tenant Rents	17,789	-	-	816	15,151	-	-	30,714	-	-	-	64,470	-	-	64,470
96000	Total Other General Expenses	195,002	6,374	-	2,256	32,790	27,118	-	211,391	195,295	-	-	670,226	630,609	-	1,300,835
Interest and Amortization Expenses:																
96710	Interest on Mortgage (or Bonds) Payable	-	-	-	50,538	-	-	-	1,364,863	-	-	-	1,415,401	-	-	1,415,401
96700	Total Interest Expense and Amortization Cost	-	-	-	50,538	-	-	-	1,364,863	-	-	-	1,415,401	-	-	1,415,401
96900	Total Operating Expenses	3,842,613	26,205	-	185,296	232,379	27,118	-	5,974,192	1,966,316	(1,246,461)	-	11,007,658	655,779	-	11,663,437
97000	Excess (Deficiency) of Operating Revenue Over (Under) Operating Expenses	268,659	7,500	-	108,845	3,320,861	21,475	-	1,087,608	(213,847)	-	-	4,601,101	1,212,672	-	5,813,773

**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, 2020**

Line Item No.	Account Description	Programs										Eliminations	Subtotal	Fiduciary Fund	Total
		Project Totals	PHC Public Housing CARES Act Funding	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	HCC HCV CARES Act Funding	Community Development Block Grant	Other Business Activities	Central Office Cost Center					
	Other Expenses:														
97100	Extraordinary Maintenance	\$ 271,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,252	\$ -	\$ -	\$ 358,075	\$ -	\$ 358,075	
97300	Housing Assistance Payments	-	-	-	-	3,364,756	-	-	-	-	-	3,364,756	-	3,364,756	
97400	Depreciation Expense	581,641	-	-	40,937	3,770	-	-	1,425,522	65,289	-	2,117,159	-	2,117,159	
	Total Other Expenses	853,464	-	-	40,937	3,368,526	-	-	1,511,774	65,289	-	5,839,990	-	5,839,990	
90000	Total Expenses	4,696,077	26,205	-	226,233	3,600,905	27,118	-	7,485,966	2,031,605	(1,246,461)	16,847,648	655,779	17,503,427	
	<b>OTHER FINANCING SOURCES (USES)</b>														
10010	Operating Transfers In	150,000	-	-	-	-	-	-	-	455,000	(605,000)	-	-	-	
10020	Operating Transfers Out	(150,000)	-	-	-	-	-	-	(455,000)	-	605,000	-	-	-	
10100	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	(455,000)	455,000	-	-	-	-	
10000	<b>Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	(584,805)	7,500	-	67,908	(47,665)	21,475	-	(879,166)	175,864	-	(1,238,889)	1,212,672	(26,217)	
11030	Beginning Equity	12,183,913	-	-	(421,384)	289,026	-	2,000,000	10,518,258	764,752	-	25,334,565	12,507,456	37,842,021	
11040	Equity Transfers	7,500	(7,500)	-	-	21,475	(21,475)	-	-	-	-	-	-	-	
	<b>NET POSITION, END OF YEAR</b>	<u>\$ 11,606,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (353,476)</u>	<u>\$ 262,836</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 9,639,092</u>	<u>\$ 940,616</u>	<u>\$ -</u>	<u>\$ 24,095,676</u>	<u>\$ 13,720,128</u>	<u>\$ 37,815,804</u>	
11170	Administrative Fee Equity	\$ -	\$ -	\$ -	\$ -	\$ 262,836	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,836	\$ -	\$ 262,836	
11180	Housing Assistance Payments Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11190	Unit Months Available	7,056	-	-	336	3,048	-	-	5,510	-	-	15,950	-	15,950	
11210	Number of Unit Months Leased	6,953	-	-	317	3,024	-	-	4,703	-	-	14,997	-	14,997	
11270	Excess Cash	\$ 1,266,874	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,266,874	\$ -	\$ 1,266,874	
11620	Building Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11640	Furniture & Equipment - Administrative Purchases	\$ 9,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,114	\$ -	\$ 9,114	

**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, 2020**

Line Item No.	Account Description	Project #1	Project #2	Total Projects
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash:				
111	Unrestricted	\$ 1,245,850	\$ 286,244	\$ 1,532,094
114	Tenant Security Deposits	62,100	33,500	95,600
100	Total Cash	<u>1,307,950</u>	<u>319,744</u>	<u>1,627,694</u>
Accounts and Notes Receivable:				
122	Accounts Receivable - HUD Other Projects	135,779	-	135,779
125	Accounts Receivable - Miscellaneous	11,560	-	11,560
126	Accounts Receivable - Tenants	45,393	1,047	46,440
126.1	Allowance for Doubtful Accounts - Tenants	<u>(10,534)</u>	<u>(341)</u>	<u>(10,875)</u>
120	Total Receivables, Net	<u>182,198</u>	<u>706</u>	<u>182,904</u>
Other Current Assets:				
142	Prepaid Expenses and Other Assets	<u>170,396</u>	<u>55,131</u>	<u>225,527</u>
150	Total Current Assets	<u>1,660,544</u>	<u>375,581</u>	<u>2,036,125</u>
<b>NONCURRENT ASSETS</b>				
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	831,190	336,668	1,167,858
166	Accumulated Depreciation	<u>(16,312,043)</u>	<u>(6,467,305)</u>	<u>(22,779,348)</u>
168	Infrastructure	77,026	-	77,026
160	Total Capital Assets, Net	<u>3,193,130</u>	<u>6,807,318</u>	<u>10,000,448</u>
174	Other Assets	<u>59,309</u>	<u>41,089</u>	<u>100,398</u>
180	Total Noncurrent Assets	<u>3,252,439</u>	<u>6,848,407</u>	<u>10,100,846</u>
190	Total Assets	<u>4,912,983</u>	<u>7,223,988</u>	<u>12,136,971</u>
200	Deferred Outflows of Resources	<u>66,102</u>	<u>45,795</u>	<u>111,897</u>
290	Total Assets and Deferred Outflows of Resources	<u>\$ 4,979,085</u>	<u>\$ 7,269,783</u>	<u>\$ 12,248,868</u>

**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, 2020**

Line Item No.	Account Description	Project #1	Project #2	Total Projects
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
321	Accrued Wages/Payroll Taxes Payable	\$ 31,707	\$ 25,595	\$ 57,302
322	Accrued Compensated Absences - Current Portion	7,056	3,944	11,000
333	Accounts Payable - Other Government	62,819	-	62,819
341	Tenant Security Deposits	62,100	33,500	95,600
342	Unearned Revenues	7,478	1,632	9,110
310	Total Current Liabilities	<u>171,160</u>	<u>64,671</u>	<u>235,831</u>
<b>NONCURRENT LIABILITIES</b>				
354	Accrued Compensated Absences - Noncurrent	63,504	35,496	99,000
350	Total Noncurrent Liabilities	<u>63,504</u>	<u>35,496</u>	<u>99,000</u>
300	Total Liabilities	234,664	100,167	334,831
400	Deferred Inflows of Resources	<u>181,611</u>	<u>125,818</u>	<u>307,429</u>
<b>NET POSITION</b>				
508.4	Net Investment In Capital Assets	3,193,130	6,807,318	10,000,448
512.4	Unrestricted	1,369,680	236,480	1,606,160
513	Total Net Position	<u>4,562,810</u>	<u>7,043,798</u>	<u>11,606,608</u>
600	Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 4,979,085</u>	<u>\$ 7,269,783</u>	<u>\$ 12,248,868</u>

**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, 2020**

Line Item No.	Account Description	Project #1	Project #2	CFP	Total Projects
<b>REVENUE</b>					
70300	Net Tenant Rental Revenue	\$ 2,103,898	\$ 878,550	\$ -	\$ 2,982,448
70400	Tenant Revenue - Other	107,553	166,458	-	274,011
70500	Total Tenant Revenue	<u>2,211,451</u>	<u>1,045,008</u>	-	<u>3,256,459</u>
70600	HUD PHA Operating Grants	12,524	240,166	515,272	767,962
70610	Capital Grants	-	-	1,614	1,614
71100	Investment Income - Unrestricted	12,535	2,207	-	14,742
71500	Other Revenue	68,678	35,522	-	104,200
70000	Total Revenue	<u>2,305,188</u>	<u>1,322,903</u>	<u>516,886</u>	<u>4,144,977</u>
<b>EXPENSES</b>					
Administrative:					
91100	Administrative Salaries	140,455	97,858	392	238,705
91200	Auditing Fees	10,988	4,312	-	15,300
91300	Management Fee	317,354	162,960	28,040	508,354
91310	Book-Keeping Fee	34,455	17,693	-	52,148
91500	Employee Benefit Contributions - Administrative	64,810	43,348	30	108,188
91600	Office Expenses	30,365	7,720	-	38,085
91700	Legal Expense	3,602	1,391	-	4,993
91900	Other	2,420	942	-	3,362
91000	Total Operating - Administrative	<u>604,449</u>	<u>336,224</u>	<u>28,462</u>	<u>969,135</u>
Asset Management:					
92000	Asset Management Fees	46,800	24,000	-	70,800
Tenant Services:					
92100	Salaries	53,132	147,582	-	200,714
92300	Employee Benefit Contributions - Tenant Services	24,678	60,818	-	85,496
92400	Other	-	177	-	177
92500	Total Tenant Services	<u>77,810</u>	<u>208,577</u>	-	<u>286,387</u>
Utilities:					
93100	Water	3,326	61,223	-	64,549
93200	Electricity	38,236	167,480	-	205,716
93000	Total Utilities	<u>41,562</u>	<u>228,703</u>	-	<u>270,265</u>
Ordinary Maintenance and Operation:					
94100	Ordinary Maintenance and Operations - Labor	303,002	140,696	354	444,052
94200	Ordinary Maintenance and Operations - Materials and Other	170,358	63,923	59,842	294,123
94300	Ordinary Maintenance and Operations Contracts	273,694	156,144	58,877	488,715
94500	Employee Benefit Contributions - Ordinary Maintenance	158,713	71,779	365	230,857
94000	Total Maintenance	<u>905,767</u>	<u>432,542</u>	<u>119,438</u>	<u>1,457,747</u>
Insurance Premiums:					
96140	All Other Insurance	446,663	166,441	4	613,108
96100	Total Insurance Premiums	<u>446,663</u>	<u>166,441</u>	<u>4</u>	<u>613,108</u>

**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, 2020**

Line Item No.	Account Description	Project #1	Project #2	CFP	Total Projects
<b>EXPENSES (CONTINUED)</b>					
General Expenses:					
96200	Other General Expenses	\$ 35,520	\$ 19,577	\$ -	\$ 55,097
96210	Compensated Absences	30,894	34,777	-	65,671
96300	Payments in Lieu of Taxes	62,819	-	-	62,819
96400	Bad Debt - Tenant Rents	14,523	3,266	-	17,789
96000	Total Other General Expenses	<u>143,756</u>	<u>57,620</u>	<u>-</u>	<u>201,376</u>
96900	Total Operating Expenses	<u>2,266,807</u>	<u>1,454,107</u>	<u>147,904</u>	<u>3,868,818</u>
97000	Excess (Deficiency) of Operating Revenue Over (Under) Operating Expenses	38,381	(131,204)	368,982	276,159
Other Expenses:					
97100	Extraordinary Maintenance	54,455	-	217,368	271,823
97400	Depreciation Expense	303,175	240,767	37,699	581,641
	Total Other Expenses	<u>357,630</u>	<u>240,767</u>	<u>255,067</u>	<u>853,464</u>
90000	Total Expenses	2,624,437	1,694,874	402,971	4,722,282
<b>OTHER FINANCING SOURCES (USES)</b>					
10010	Operating Transfers In	-	150,000	-	150,000
10020	Operating Transfers Out	-	-	(150,000)	(150,000)
10100	Total Other Financing Sources (Uses)	<u>-</u>	<u>150,000</u>	<u>(150,000)</u>	<u>-</u>
10000	Excess (Deficiency) of Total Revenues Over (Under) Total Expenses	(319,249)	(221,971)	(36,085)	(577,305)
11030	Beginning Equity	<u>4,511,594</u>	<u>7,265,769</u>	<u>406,550</u>	<u>12,183,913</u>
<b>NET POSITION - END OF YEAR</b>		<u>\$ 4,192,345</u>	<u>\$ 7,043,798</u>	<u>\$ 370,465</u>	<u>\$ 11,606,608</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, 2020**

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
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>									
<b>CURRENT ASSETS</b>									
Cash:									
111	Unrestricted	\$ 840,360	\$ 1,065,918	\$ 788,632	\$ 89,639	\$ 158,133	\$ 317,799	\$ (1,794)	\$ 3,258,687
113	Other Restricted	-	-	-	-	-	-	844	844
114	Tenant Security Deposits	177,338	33,767	106,085	17,772	6,510	17,544	9,350	368,366
100	Total Cash	1,017,698	1,099,685	894,717	107,411	164,643	335,343	8,400	3,627,897
Accounts and Notes Receivable:									
124	Accounts Receivable - Other Governments	-	-	-	6,303	-	-	-	6,303
126	Accounts Receivable - Tenants	18,182	2,097	18,025	9,144	-	282	20,992	68,722
126.1	Allowance for Doubtful Accounts	(1,537)	-	(5,959)	(107)	-	-	(15,551)	(23,154)
127	Notes, Loans, and Mortgages Receivable - Current	2,917,688	-	-	-	-	-	-	2,917,688
120	Total Receivables, Net	2,934,333	2,097	12,066	15,340	-	282	5,441	2,969,559
Other Current Assets:									
142	Prepaid Expenses and Other Assets	175,361	38,272	86,563	21,206	9,444	15,672	77,392	423,910
150	Total Current Assets	4,127,392	1,140,054	993,346	143,957	174,087	351,297	91,233	7,021,366
<b>NONCURRENT ASSETS</b>									
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	14,047,006	4,947,994	11,130,909	1,534,879	933,542	1,657,138	20,031,417	54,282,885
164	Furniture, Equipment and Machinery - Administration	289,745	7,884	27,923	-	-	-	141,975	467,527
166	Accumulated Depreciation	(6,471,166)	(1,100,848)	(4,650,784)	(266,827)	(376,551)	(434,601)	(1,355,757)	(14,656,534)
167	Construction in Progress	-	-	-	15,000	-	-	-	15,000
168	Infrastructure	638,565	-	428,026	-	-	-	38,892	1,105,483
160	Total Capital Assets, Net	10,503,888	4,988,523	9,760,914	1,964,035	1,329,491	2,515,399	19,066,789	50,129,039
171	Notes and Loans Receivable - Noncurrent	336,876	-	-	-	-	-	-	336,876
174	Other Assets	23,002	6,477	13,872	3,465	1,032	2,159	-	50,007
180	Total Noncurrent Assets	10,863,766	4,995,000	9,774,786	1,967,500	1,330,523	2,517,558	19,066,789	50,515,922
190	Total Assets	14,991,158	6,135,054	10,768,132	2,111,457	1,504,610	2,868,855	19,158,022	57,537,288
200	Deferred Outflows of Resources	25,636	7,219	15,461	3,862	1,151	2,406	-	55,735
290	Total Assets and Deferred Outflows of Resources	\$ 15,016,794	\$ 6,142,273	\$ 10,783,593	\$ 2,115,319	\$ 1,505,761	\$ 2,871,261	\$ 19,158,022	\$ 57,593,023

**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 (CONTINUED)**  
**DECEMBER 31, 2020**

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
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>									
<b>CURRENT LIABILITIES</b>									
321	Accrued Wages/Payroll Taxes Payable	\$ 13,704	\$ 3,859	\$ 8,274	\$ 2,014	\$ 618	\$ 1,286	\$ 44,213	\$ 73,968
322	Accrued Compensated Absences	1,713	464	1,005	153	77	155	-	3,567
341	Tenant Security Deposits	177,338	33,767	106,085	17,772	6,510	17,544	9,350	368,366
342	Unearned Revenue	12,926	5,024	13,022	1,067	160	3,642	713	36,554
343	Current Portion of LT Debt - Capital Projects	521,465	54,860	491,828	-	-	88,614	526,361	1,683,128
344	Current Portion of LT Debt - Operating Borrowings	-	-	-	-	-	-	2,871,992	2,871,992
310	Total Current Liabilities	<u>727,146</u>	<u>97,974</u>	<u>620,214</u>	<u>21,006</u>	<u>7,365</u>	<u>111,241</u>	<u>3,452,629</u>	<u>5,037,575</u>
<b>NONCURRENT LIABILITIES</b>									
351	Long-Term Debt, Net of Current - Capital Proj.	10,548,018	2,700,931	6,796,113	-	-	2,587,877	20,098,182	42,731,121
354	Accrued Compensated Absences-Non-Current	15,417	4,180	9,042	1,378	697	1,393	-	32,107
350	Total Noncurrent Liabilities	<u>10,563,435</u>	<u>2,705,111</u>	<u>6,805,155</u>	<u>1,378</u>	<u>697</u>	<u>2,589,270</u>	<u>20,098,182</u>	<u>42,763,228</u>
300	Total Liabilities	11,290,581	2,803,085	7,425,369	22,384	8,062	2,700,511	23,550,811	47,800,803
400	Deferred Inflows of Resources	<u>70,433</u>	<u>19,834</u>	<u>42,477</u>	<u>10,611</u>	<u>3,161</u>	<u>6,612</u>	<u>-</u>	<u>153,128</u>
<b>NET POSITION</b>									
508.4	Net Investment in Capital Assets	(565,595)	2,232,732	2,472,973	1,964,035	1,329,491	(161,092)	(4,429,746)	2,842,798
	Restricted	-	-	-	-	-	-	844	844
512.4	Unrestricted	<u>4,221,375</u>	<u>1,086,622</u>	<u>842,774</u>	<u>118,289</u>	<u>165,047</u>	<u>325,230</u>	<u>36,113</u>	<u>6,795,450</u>
513	Total Net Position	<u>3,655,780</u>	<u>3,319,354</u>	<u>3,315,747</u>	<u>2,082,324</u>	<u>1,494,538</u>	<u>164,138</u>	<u>(4,392,789)</u>	<u>9,639,092</u>
600	Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 15,016,794</u>	<u>\$ 6,142,273</u>	<u>\$ 10,783,593</u>	<u>\$ 2,115,319</u>	<u>\$ 1,505,761</u>	<u>\$ 2,871,261</u>	<u>\$ 19,158,022</u>	<u>\$ 57,593,023</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**  
**SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2020**

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
<b>REVENUE</b>									
70300	Net Tenant Rental Revenue	\$ 2,661,266	\$ 647,642	\$ 1,484,857	\$ 269,376	\$ 81,833	\$ 269,604	\$ 1,158,126	\$ 6,572,704
70400	Tenant Revenue - Other	93,204	25,621	54,784	8,002	4,752	10,907	660	197,930
70500	Total Tenant Revenue	2,754,470	673,263	1,539,641	277,378	86,585	280,511	1,158,786	6,770,634
71100	Investment Income - Unrestricted	12,499	7,201	5,854	2,385	1,141	2,256	223	31,559
71500	Other Revenue	30,775	6,257	13,714	3,172	2,182	7,115	192,892	256,107
71600	Gain / (Loss) on Sale of Capital Assets	3,500	-	-	-	-	-	-	3,500
70000	Total Revenue	2,801,244	686,721	1,559,209	282,935	89,908	289,882	1,351,901	7,061,800
<b>EXPENSES</b>									
Administrative:									
91100	Administrative Salaries	59,063	16,732	36,617	7,498	2,788	5,577	53,415	181,690
91200	Auditing Fees	9,508	2,357	5,184	926	378	971	3,655	22,979
91300	Management Fee	212,901	51,811	118,789	21,550	8,183	26,960	7,500	447,694
91500	Employee Benefit Contributions - Administrative	25,394	7,243	15,724	606	1,207	2,414	12,661	65,249
91600	Office Expenses	5,022	475	2,253	4,900	66	147	21,449	34,312
91700	Legal Expenses	1,622	-	-	1,254	122	-	9,196	12,194
91800	Travel	-	-	-	-	-	-	75	75
91900	Other Expenses	7,044	4,143	5,401	-	3,195	3,316	19,641	42,740
91000	Total Operating - Administrative	320,554	82,761	183,968	36,734	15,939	39,385	127,592	806,933
Tenant Services:									
92100	Tenant Services - Salaries	7,424	2,475	4,950	1,650	-	825	518,469	535,793
92300	Employee Benefit Contributions - Tenant Services	3,818	1,268	2,543	845	-	423	168,862	177,759
92400	Tenant Services - Other	-	-	-	-	-	-	108,644	108,644
92500	Total Tenant Services	11,242	3,743	7,493	2,495	-	1,248	795,975	822,196
Utilities:									
93100	Water	1,945	1,011	1,605	3,105	284	929	10,047	18,926
93200	Electricity	6,586	3,015	10,170	2,212	572	1,470	100,370	124,395
93300	Gas	-	-	-	-	-	-	4,049	4,049
93800	Other Utilities Expense	17,820	5,728	13,748	6,542	1,195	2,295	-	47,328
93000	Total Utilities	26,351	9,754	25,523	11,859	2,051	4,694	114,466	194,698

**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, 2020**

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	\$ 214,668	\$ 60,314	\$ 129,730	\$ 42,223	\$ 11,257	\$ 22,050	\$ 90,481	\$ 570,723
94200	Ordinary Maintenance and Ops - Materials	122,131	25,550	68,550	45,284	8,375	8,086	18,456	296,432
94300	Ordinary Maintenance and Ops - Contracts	176,703	34,551	118,256	133,605	6,614	11,555	44,058	525,342
94500	Employee Benefits Contributions - Maint.	107,258	30,243	64,784	20,789	5,546	10,859	7,708	247,187
	Total Maintenance	620,760	150,658	381,320	241,901	31,792	52,550	160,703	1,639,684
	Insurance Premiums:								
96140	All Other Insurance	357,750	72,147	166,146	33,773	22,497	32,129	249,985	934,427
96100	Total Insurance Premiums	357,750	72,147	166,146	33,773	22,497	32,129	249,985	934,427
	General Expenses:								
96200	Other General Expenses	2,754	-	100	3,149	-	-	125,963	131,966
96210	Compensated Absences	23,050	5,084	13,497	3,620	1,160	2,300	-	48,711
96400	Bad Debt - Tenant Rents	3,251	223	6,344	107	5,238	-	15,551	30,714
96000	Total Other General Expenses	29,055	5,307	19,941	6,876	6,398	2,300	141,514	211,391
96710	Interest on Mortgage (or Bonds) Payable	334,381	51,963	294,309	-	-	49,547	634,663	1,364,863
96900	Total Operating Expenses	1,700,093	376,333	1,078,700	333,638	78,677	181,853	2,224,898	5,974,192
97000	Excess of Operating Revenue Over Operating Expenses	1,101,151	310,388	480,509	(50,703)	11,231	108,029	(872,997)	1,087,608
	Other Expenses:								
97100	Extraordinary Maintenance	-	-	4,800	68,717	3,135	9,600	-	86,252
97400	Depreciation Expense	381,976	124,095	293,552	35,867	23,765	41,428	524,839	1,425,522
	Total Other Expenses	381,976	124,095	298,352	104,584	26,900	51,028	524,839	1,511,774
90000	Total Expenses	2,082,069	500,428	1,377,052	438,222	105,577	232,881	2,749,737	7,485,966
	<b>OTHER FINANCING SOURCES (USES)</b>								
10020	Operating Transfers Out	(225,000)	(175,000)	(25,000)	(20,000)	(10,000)	-	-	(455,000)
10100	Total Other Financing Uses	(225,000)	(175,000)	(25,000)	(20,000)	(10,000)	-	-	(455,000)
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	494,175	11,293	157,157	(175,287)	(25,669)	57,001	(1,397,836)	(879,166)
11030	Beginning Equity	3,161,605	3,308,061	3,158,590	2,257,611	1,520,207	107,137	(2,994,953)	10,518,258
	<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,655,780</u>	<u>\$ 3,319,354</u>	<u>\$ 3,315,747</u>	<u>\$ 2,082,324</u>	<u>\$ 1,494,538</u>	<u>\$ 164,138</u>	<u>\$ (4,392,789)</u>	<u>\$ 9,639,092</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, 2020**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Direct Federal Assistance:</b>				
<u>Department of Housing and Urban Development</u>				
Public and Indian Housing	14.850	N/A	N/A	\$ 218,985
COVID-19 - Public Housing CARES Act Funding	14.PHC	N/A	N/A	<u>33,705</u>
Total Public and Indian Housing Funds				<u>252,690</u>
Section 8 Housing Choice Vouchers	14.871	N/A	N/A	3,548,306
COVID-19 - HCV CARES Act Funding	14.HCC	N/A	N/A	<u>48,593</u>
Total Housing Voucher Cluster				<u>3,596,899</u>
Capital Fund Program:				
Public Housing Capital Fund	14.872	N/A	N/A	50,303
Public Housing Capital Fund	14.872	N/A	N/A	3,656
Public Housing Capital Fund	14.872	N/A	N/A	412,927
Public Housing Capital Fund	14.872	N/A	N/A	<u>50,000</u>
Total Capital Fund Program				<u>516,886</u>
Total Direct Federal Awards				<u>4,366,475</u>
Total Federal Awards				<u>\$ 4,366,475</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, 2020**

**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, 2020. 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, 2020, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

### **CliftonLarsonAllen LLP**

Lakeland, Florida  
July 13, 2021



**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, 2020.



### **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  
July 13, 2021

**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, 2020**

---

**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***

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
14.871	Section 8 Housing Choice Voucher
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	_____ Yes <u>    X    </u> 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, 2020

---

**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).