

**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, 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

**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, 2022**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
STATEMENT OF NET POSITION	14
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	16
STATEMENT OF CASH FLOWS	17
REMAINING FUND INFORMATION	
STATEMENT OF FIDUCIARY NET POSITION – PENSION TRUST FUND	19
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND	20
NOTES TO FINANCIAL STATEMENTS	21
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS	54
SCHEDULE OF CONTRIBUTIONS	57
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET OPEB LIABILITY AND RELATED RATIOS	58
SUPPLEMENTARY INFORMATION	
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – STATEMENT OF NET POSITION	61
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	63
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – PROJECTS – STATEMENT OF NET POSITION	66
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – PROJECTS – SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	68
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – OTHER BUSINESS ACTIVITY – STATEMENT OF NET POSITION	70
SUPPLEMENTARY FINANCIAL DATA SCHEDULE – OTHER BUSINESS ACTIVITY – SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION	72

**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, 2022**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	74
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	75
SUPPLEMENTARY REPORTS	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	78
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROLS OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	80
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	83



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of The Housing Authority of the City of Key West, Florida, a component unit of the City of Key West, Florida (the Authority), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of business-type activities and the aggregate remaining fund information of the Authority as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary financial data schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary financial data schedules and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
August 31, 2023

**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, 2022**

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, 2022. 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, 2022 by \$31,815,379 (net position).
- The Authority's total operating revenue was \$23,654,378 which consisted of tenant dwelling rentals for \$12,113,587, United States Department of Housing and Urban Development (HUD) grants in the amount of \$4,872,387, management fees of \$265,259, other government grants of 5,793,631, and other revenue of \$609,064.

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, 2022

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, 2022, total assets and deferred outflows of resources were \$97,431,297; total current assets were \$11,039,044, including current restricted assets of \$1,877,621, 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 \$84,491,545.

In addition, total liabilities and deferred inflows of resources were \$65,615,918; total current liabilities were \$7,054,465; including liabilities payable from restricted assets of \$517,846, and total long-term (noncurrent) liabilities were \$57,844,725 at December 31, 2022.

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, 2022

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, 2022**

Condensed Financial Information - Assets, Liabilities and Net Position

	December 31,		\$ Change	% Change
	2022	2021		
ASSETS				
Current Assets	\$ 9,161,423	\$ 8,627,408	\$ 534,015	6.19%
Current Restricted Assets	1,877,621	4,698,172	(2,820,551)	-60.04%
Net Capital Assets	84,491,545	69,795,976	14,695,569	21.06%
Noncurrent Assets	-	763,468	(763,468)	-100.00%
Total Assets	<u>95,530,589</u>	<u>83,885,024</u>	<u>11,645,565</u>	13.88%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources - Pension	1,516,545	202,056	1,314,489	650.56%
Deferred Outflows of Resources - OPEB	384,163	476,333	(92,170)	-19.35%
Total Deferred Outflows of Resources	<u>1,900,708</u>	<u>678,389</u>	<u>1,222,319</u>	180.18%
Total Assets and Deferred Outflows of Resources	<u>\$ 97,431,297</u>	<u>\$ 84,563,413</u>	<u>\$ 12,867,884</u>	15.22%
LIABILITIES				
Current Liabilities	\$ 6,536,619	\$ 4,199,634	\$ 2,336,985	55.65%
Current Liabilities Payable from Restricted Assets	517,846	494,571	23,275	4.71%
Noncurrent Liabilities	57,844,725	50,652,070	7,192,655	14.20%
Total Liabilities	<u>64,899,190</u>	<u>55,346,275</u>	<u>9,552,915</u>	17.26%
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources - Pension	84,820	1,691,038	(1,606,218)	-94.98%
Deferred Inflows of Resources - OPEB	631,908	408,954	222,954	54.52%
Total Deferred Inflows of Resources	<u>716,728</u>	<u>2,099,992</u>	<u>(1,383,264)</u>	-65.87%
NET POSITION				
Net Investment in Capital Assets Restricted	24,661,778	18,694,960	5,966,818	31.92%
Unrestricted	1,359,775	4,203,601	(2,843,826)	-67.65%
Total Net Position	<u>31,815,379</u>	<u>27,117,146</u>	<u>4,698,233</u>	17.33%
Total Liabilities, Deferred Outflows of Resources and Net Position	<u>\$ 97,431,297</u>	<u>\$ 84,563,413</u>	<u>\$ 12,867,884</u>	15.22%

Total assets increased by \$11,645,565 from the prior year. This is due to an increase of Net Capital Assets by \$14,965,569, this increase was caused by a \$16,036,078 increase in Construction in Progress. This increase was offset by \$2,124,235 in depreciation expense. This was also offset by a decrease of \$2,820,551 in current restricted assets, which was caused by the other government grants received for future construction in fiscal year 2021 related to the Community Development Block Grant (CDBG) being used in the current year.

Current liabilities and current liabilities payable from restricted assets increased by \$2,360,260. This was caused by an increase in accounts payable, primarily caused by payables related to the new construction of Garden View Apartments.

Noncurrent liabilities increased by \$7,192,655. This increase was due to proceeds being received in the current year of \$7,592,282, offset by payments on debt in the amount of \$2,568,686.

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, 2022

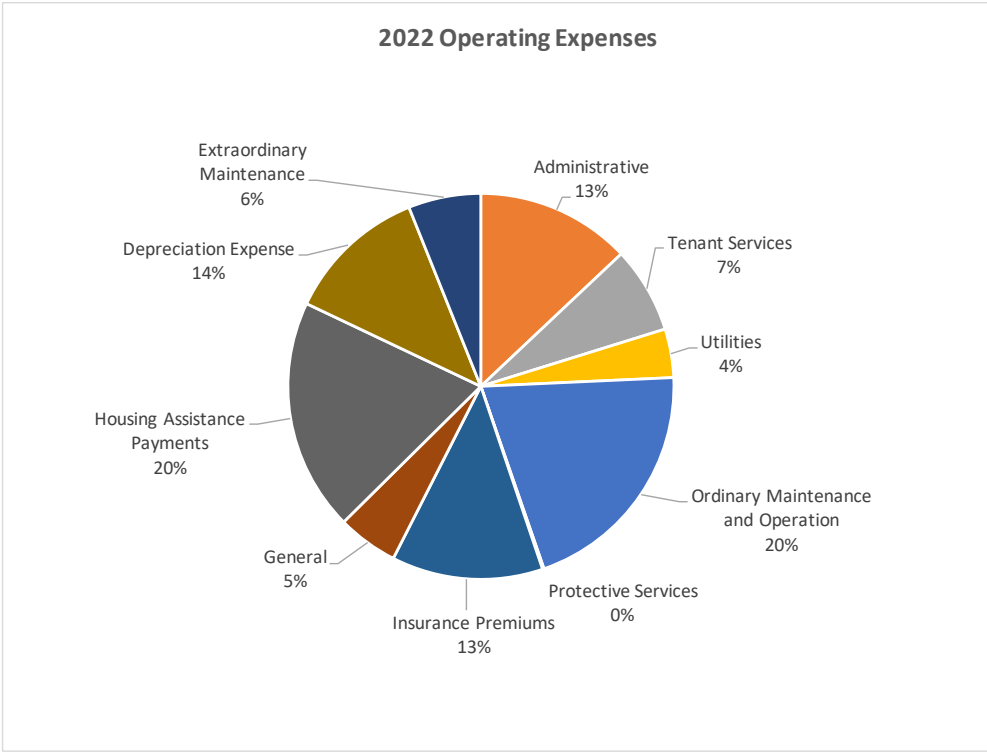
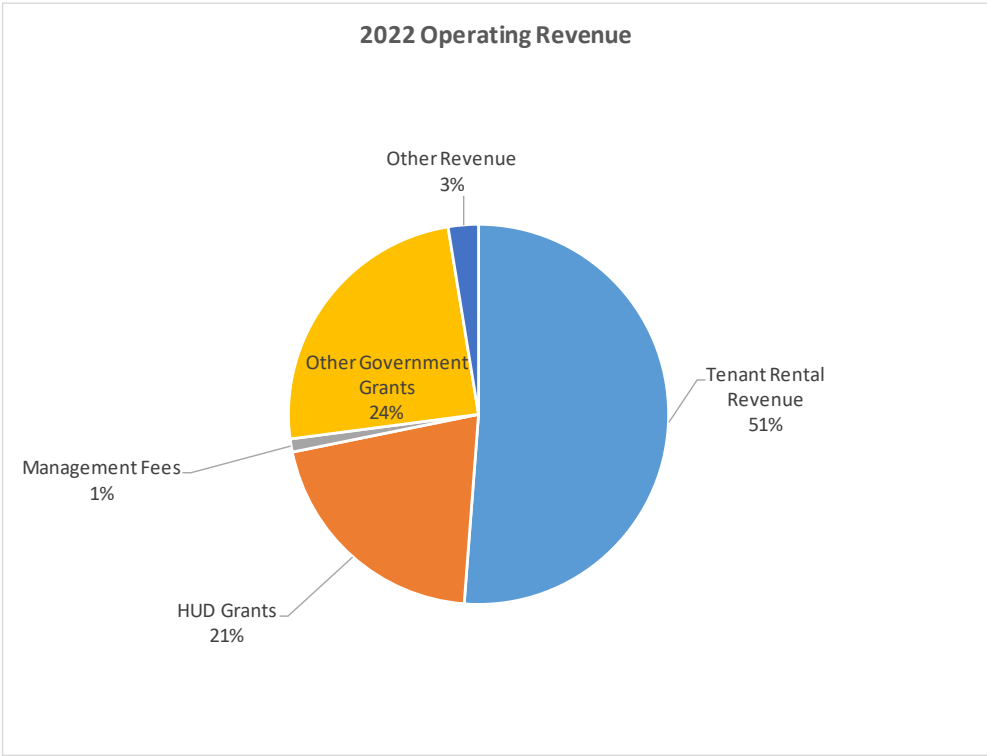
Revenue, Expenses and Changes in Net Position

	Year Ended December 31,		\$ Change	% Change
	2022	2021		
OPERATING REVENUE				
Total Tenant Rental Revenue	\$ 12,113,587	\$ 10,776,377	\$ 1,337,210	12.41%
HUD Grants	4,872,837	5,078,839	(206,002)	-4.06%
Management Fees	265,259	256,247	9,012	3.52%
Other Government Grants	5,793,631	4,490,000	1,303,631	29.03%
Other Revenue	609,064	595,043	14,021	2.36%
Total Operating Revenue	<u>23,654,378</u>	<u>21,196,506</u>	<u>2,457,872</u>	11.60%
OPERATING EXPENSES				
Administrative	2,319,031	2,327,124	(8,093)	-0.35%
Tenant Services	1,294,795	1,246,228	48,567	3.90%
Utilities	729,134	501,424	227,710	45.41%
Ordinary Maintenance and Operation	3,654,936	3,733,616	(78,680)	-2.11%
Protective Services	21,650	13,575	8,075	59.48%
Insurance Premiums	2,266,814	1,991,390	275,424	13.83%
General	911,699	978,039	(66,340)	-6.78%
Housing Assistance Payments	3,481,927	3,271,741	210,186	6.42%
Depreciation Expense	2,124,235	2,129,973	(5,738)	-0.27%
Extraordinary Maintenance	1,086,946	723,389	363,557	50.26%
Total Operating Expenses	<u>17,891,167</u>	<u>16,916,499</u>	<u>974,668</u>	5.76%
INCOME FROM OPERATIONS	5,763,211	4,280,007	1,483,204	34.65%
NONOPERATING REVENUE (EXPENSE)				
Investment Income - Unrestricted	96,285	8,108	88,177	1087.53%
Investment Income - Restricted	7,869	132	7,737	5861.36%
Gain on Sale of Capital Assets	-	8,227	(8,227)	-100.00%
Interest Expense	(1,304,608)	(1,364,267)	59,659	-4.37%
Total Nonoperating Expenses	<u>(1,200,454)</u>	<u>(1,347,800)</u>	<u>147,346</u>	-10.93%
Capital Grants	<u>135,476</u>	<u>89,263</u>	<u>46,213</u>	51.77%
CHANGE IN NET POSITION	4,698,233	3,021,470	1,676,763	55.49%
Net Position - Beginning of Year	<u>27,117,146</u>	<u>24,095,676</u>	<u>3,021,470</u>	12.54%
NET POSITION - END OF YEAR	<u>\$ 31,815,379</u>	<u>\$ 27,117,146</u>	<u>\$ 4,698,233</u>	17.33%

For the year ended December 31, 2022, overall operating revenue increased by \$2,457,872. This increase was primarily caused by total rental revenue which increased \$1,337,210 due to the increase of rental rates. Other Government Grants increased \$1,303,631 due to the housing authority being reimbursed for construction costs relating to Garden View Apartments from Monroe County Land Authority.

In 2022, total operating revenue was \$23,654,378 while total operating expenses were \$17,891,167. The total cost of operating expenses increased by \$974,668 or approximately 6%. This is primarily due to an increase in Utilities of \$227,710, Insurance Premiums of \$275,425, and Extraordinary Maintenance of \$363,557.

**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, 2022**



**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, 2022**

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 (ALN 14.850)
- Section 8 Housing Choice Vouchers (ALN 14.871)
- Emergency Housing Vouchers (ALN 14.871)
- Public Housing Capital Fund Program (ALN 14.872)
- HOME Investments Partnerships Program (ALN 14.239)
- Community Development Block Grants Disaster Recovery Grants (ALN 14.269)
- Other Business Activities
- Central Office Cost Center (COCC)
- Resident Opportunity and Supportive Services (ALN14.870)
- Pension Trust Fund

Other Events

During 2019, 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 early-year 2023.

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 Ian 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, 2022**

Operational Metrics

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

Affordable Housing Occupancy Data by Program

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>% Change</u>
Public Housing Program				
Unit Months Available	7,056	7,056	-	0.00%
Unit Months Leased	6,817	6,859	(42)	-0.61%
Occupancy	96.61%	97.21%	-0.60%	-0.61%
HOME Investments				
Partnerships Program				
Unit Months Available	336	336	-	0.00%
Unit Months Leased	315	320	(5)	-1.56%
Occupancy	93.75%	95.24%	-1.49%	-1.56%
Other Business Activities				
Unit Months Available	5,400	5,400	-	0.00%
Unit Months Leased	4,931	4,755	176	3.70%
Occupancy	91.31%	88.06%	3.26%	3.70%
TOTAL				
Unit Months Available	12,792	12,792	-	0.00%
Unit Months Leased	12,063	11,934	129	1.08%
Occupancy	94.30%	93.29%	1.01%	1.08%

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 decreased by 1.49%. Other Business Activities occupancy increased by 3.26%.

**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, 2022**

Operational Metrics (Continued)

Tenant Rent Data by Program				
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>% Change</u>
Public Housing Program				
Tenant Revenue	\$ 3,831,152	\$ 3,450,901	\$ 380,251	11.02%
Unit Months Leased	6,817	6,859	(42)	-0.61%
Average Tenant Rent	\$ 562.00	\$ 503.12	\$ 58.88	11.70%
HOME Investments				
Partnerships Program				
Tenant Revenue	\$ 339,275	\$ 281,744	\$ 57,531	20.42%
Unit Months Leased	315	320	(5)	-1.56%
Average Tenant Rent	\$ 1,077.06	\$ 880.45	\$ 196.61	22.33%
Other Business Activities				
Tenant Revenue	\$ 8,001,633	\$ 7,092,096	\$ 909,537	12.82%
Unit Months Leased	4,931	4,755	176	3.70%
Average Tenant Rent	\$ 1,622.72	\$ 1,491.50	\$ 131.22	8.80%
TOTAL				
Tenant Revenue	\$ 12,172,060	\$ 10,824,741	\$ 1,347,319	12.45%
Unit Months Leased	12,063	11,934	129	1.08%
Average Tenant Rent	\$ 1,009.04	\$ 907.05	\$ 101.99	11.24%

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 11.24% during the fiscal year. This is mainly attributable to an increase in Public Housing program average tenant rent of 11.70% and an increase in HOME average tenant rent of 22.33%.

**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, 2022**

Operational Metrics (Continued)

Housing Choice Voucher Cluster Metrics				
	2022	2021	Change	% Change
Occupancy				
Unit Months Available	3,048	3,048	-	0.00%
Unit Months Leased	2,909	2,948	(39)	-1.32%
Occupancy	95.44%	96.72%	-1.28%	-1.32%
HAP Revenue				
HAP Revenue	\$ 3,208,428	\$ 3,362,067	\$ (153,639)	-4.57%
Unit Months Leased	2,909	2,948	(39)	-1.32%
Average HAP Revenue	\$ 1,102.93	\$ 1,140.46	\$ (37.53)	-3.29%
HAP Expense				
HAP Expense	\$ 3,216,170	\$ 3,242,627	\$ (26,457)	-0.82%
Unit Months Leased	2,909	2,948	(39)	-1.32%
Average HAP Expense	\$ 1,105.59	\$ 1,099.94	\$ 5.65	0.51%

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, 2022**

**ASSETS AND DEFERRED OUTFLOWS
OF RESOURCES**

CURRENT ASSETS

Cash - Unrestricted	\$ 6,623,868
Cash - Restricted - Other	1,359,775
Cash - Restricted - Tenant Security Deposits	517,846
Receivables, Net Allowance of \$35,931	1,484,947
Inventories, Net Allowance of \$19,852	178,669
Prepaid Expenses	873,939
Total Current Assets	11,039,044

NONCURRENT ASSETS

Capital Assets Not Being Depreciated	36,226,884
Capital Assets Being Depreciated, Net	48,264,661
Net Capital Assets	84,491,545
Total Assets	95,530,589

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources - Pension Related Items	1,516,545
Deferred Outflows of Resources - OPEB Related Items	384,163
Total Deferred Outflows of Resources	1,900,708
Total Assets and Deferred Outflows of Resources	\$ 97,431,297

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 NET POSITION (CONTINUED)
DECEMBER 31, 2022

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

CURRENT LIABILITIES

Accounts Payable	\$ 3,235,043
Accrued Liabilities	83,896
Accrued Compensated Absences, Current Portion	21,310
Accounts Payable - HUD PHA Programs	13,165
Accounts Payable - Other Government	102,473
Current Portion of Long-Term Debt	1,718,023
Unearned Revenue	80,976
Other Current Liabilities	1,281,733
Total Current Liabilities	6,536,619

CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Tenant Security Deposits	517,846
--------------------------	---------

NONCURRENT LIABILITIES - OTHER

Long-Term Debt, Net of Current Portion	54,210,207
Accrued Compensated Absences, Net of Current Portion	191,787
Total OPEB Liability	971,607
Net Pension Liability	2,471,124
Total Noncurrent Liabilities	57,844,725

Total Liabilities	64,899,190
-------------------	------------

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources - Pension Related Items	84,820
Deferred Inflows of Resources - OPEB Related Items	631,908
Total Deferred Inflows of Resources	716,728

NET POSITION

Net Investment in Capital Assets	24,661,778
Restricted	1,359,775
Unrestricted	5,793,826
Total Net Position	31,815,379

Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 97,431,297
--	---------------

**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, 2022**

OPERATING REVENUES	
Net Tenant Revenue	\$ 12,113,587
Operating Grants and Subsidies - HUD	4,872,837
Management and Bookkeeping Fees	265,259
Other Government Grants	5,793,631
Other Revenue	609,064
Total Operating Revenues	<u>23,654,378</u>
OPERATING EXPENSES	
Administrative	2,319,031
Tenant Services	1,294,795
Utilities	729,134
Maintenance and Operations	3,654,936
Protective Services	21,650
Insurance Premiums	2,266,814
General Expenses	911,699
Housing Assistance Payments	3,469,647
HAP Portability-In	12,280
Depreciation Expense	2,124,235
Extraordinary Maintenance	1,086,946
Total Operating Expenses	<u>17,891,167</u>
INCOME FROM OPERATIONS	5,763,211
NONOPERATING REVENUES (EXPENSES)	
Investment Income - Unrestricted	96,285
Investment Income - Restricted	7,869
Interest Expense	(1,304,608)
Total Nonoperating Expenses	<u>(1,200,454)</u>
INCOME BEFORE CAPITAL GRANTS	4,562,757
CAPITAL GRANTS	<u>135,476</u>
CHANGE IN NET POSITION	4,698,233
Net Position - Beginning of Year	<u>27,117,146</u>
NET POSITION - END OF YEAR	<u><u>\$ 31,815,379</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
YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts:

Dwelling Rent Receipts	\$ 12,121,000
Operating Subsidies and Grant Receipts	4,983,018
Other Governmental Subsidy and Grant Receipts	5,793,631
Other Income Receipts	733,889
Total Receipts	23,631,538

Disbursements:

Payments to and Benefits for Employees	4,880,274
Payments to Suppliers	4,881,447
Payments to Landlords	3,481,927
Total Disbursements	13,243,648
Net Cash Provided by Operating Activities	10,387,890

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from Issuance of Debt	7,592,282
Interest Paid on Capital Debt	(1,304,608)
Purchase of Capital Assets	(16,819,803)
Payment of Debt Principal	(2,568,686)
Capital Grant Receipts	135,476
Net Cash Used by Capital and Related Financing Activities	(12,965,339)

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	104,154
Net Cash Provided by Investing Activities	104,154

NET DECREASE IN CASH

(2,473,295)

Cash - Beginning of Year

10,974,784

CASH - END OF YEAR

\$ 8,501,489

REPORTED AS:

Cash - Unrestricted	\$ 6,623,868
Cash - Restricted - Other	1,359,775
Cash - Restricted - Tenant Security Deposits	517,846
Total Cash - End of Year	\$ 8,501,489

**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, 2022**

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

Income from Operations	\$ 5,763,211
Adjustments to Reconcile Net Income from Operations to Net Cash Provided by Operating Activities:	
Depreciation Expense	2,124,235
Allowance for Doubtful Accounts	1,088
Inventory Allowance	5,959
(Increase) Decrease in Assets and Deferred Outflows:	
Accounts Receivables - Tenants	(8,961)
Accounts Receivables - HUD Other Projects	110,181
Accounts Receivables - Miscellaneous	14,621
Accounts Receivables - Other Governments	(155,055)
Inventories	(59,588)
Prepaid Expenses and Other Current Assets	(95,005)
Deferred Outflows of Resources - Pension Related	(1,314,489)
Net Pension Asset	763,468
Deferred Outflows of Resources - OPEB Related	92,170
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	1,284,628
Accounts Payable - Other Governments	(43,934)
Accrued Wage/Payroll Taxes Payable	10,685
Accrued Compensated Absences	16,150
Unearned Revenue	(7,989)
Tenant Security Deposits	23,275
Other Current Liabilities	1,083,504
Other Postemployment Benefits Liability	(308,124)
Deferred Inflows of Resources - Pension Related	(1,606,218)
Deferred Inflows of Resources - OPEB Related	222,954
	<hr/>
Net Cash Provided by Operating Activities	<u><u>\$ 10,387,890</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, 2022**

ASSETS

CURRENT ASSETS

Cash	\$	227,056
Investments:		
Money Market Funds		1,710,785
Mutual Funds		<u>11,211,668</u>
Total Investments, at Fair Value		12,922,453
Prepaid Expenses		<u>4,117</u>
Total Current Assets	\$	<u><u>13,153,626</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Due to Primary Government	\$	<u>23,125</u>
Total Current Liabilities		23,125

NET POSITION RESTRICTED FOR PENSION BENEFITS

		<u>13,130,501</u>
Total Liabilities and Net Position	\$	<u><u>13,153,626</u></u>

**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, 2022**

ADDITIONS

Employer Contributions	\$ 474,797
Investment Income (Loss):	
Net Change in Fair Value of Investments	(2,530,266)
Interest	128,580
Dividends	442,764
Total Investment Loss	(1,958,922)
Less: Investment Expenses	113,535
Net Investment Loss	(2,072,457)
Total Additions	(1,597,660)

DEDUCTIONS

Benefits Paid to Participants	729,752
Administrative Fees	37,242
Total Deductions	766,994

CHANGE IN NET POSITION

(2,364,654)

Net Position - Beginning of Year

15,495,155

NET POSITION - END OF YEAR

\$ 13,130,501

**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, 2022**

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, 2022

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

The Authority has an interlocal agreement with the Monroe County Housing Authority (MCHA) to manage the operations of MCHA and its related entities. The Authority maintains all of the accounting records for MCHA and administer all the programs. All 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 nonprofit 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, 2022

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 (\$474,797 for the year ended December 31, 2022) 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, 2022**

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 (ALN 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 (ALN 14.850)

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

Section 8 Housing Choice Voucher (ALN 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.

Emergency Housing Vouchers (AL 14.871)

This program provides funding for to help individuals and families who are homeless, at risk of homelessness, fleeing domestic violence, dating violence, sexual assault, stalking, or human trafficking, or to help prevent family's homelessness.

Public Housing Capital Fund (ALN 14.872)

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

**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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program/Activity Accounting (Continued)

Resident Opportunity and Supportive Services Program (ALN 14.870)

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

Community Development Block Grants Disaster Recovery Grants (ALN 14.269)

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

Other Business Activities

These activities account for the operations of the various affordable housing complexes operated by the Authority and the other resources received by the Authority that are not restricted by outside sources as to expenditure for the benefit of specific projects or purposes. The list of properties are as follows: Poinciana Complex, Key Plaza Site B (a/k/a Roosevelt C. Sands Jr Housing Complex), Roosevelt Gardens Complex, Old Town Housing Apartments, 3rd & Patterson, Washington Street, and Poinciana Gardens Senior Living Units.

Central Office Cost Center

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

Budgets

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

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, 2022, the Authority did not have any cash equivalents.

Inventory

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

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

The Authority'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.

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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Short Term Leases

Revenue from lease payments is recognized under the accrual method. Lease payments are included in income as rents become due. Lease payments received in advance are deferred until earned.

Leasing operations consist principally of leases of residential real estate expiring in various months through 2023 in which the Authority is the lessor. Lease contracts do not include variable lease payments.

**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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management

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

Income Taxes

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the financial statements and is classified into three components:

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

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

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

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

**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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

During the year ended December 31, 2022, the Authority adopted Statement No. 87, Leases, which was effective for the Authority beginning in fiscal year 2022. This statement requires recognition of certain lease assets and lease liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority adopted the requirements of the guidance effective for fiscal year ending December 31, 2022 and has applied the provisions of this standard to the beginning of the period of adoption.

**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, 2022**

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, 2022, the Authority's enterprise fund book balance of cash was \$8,501,489 and the bank balance was \$8,820,438 and the Authority's Pension Trust Fund book balance of cash was \$227,056 and the bank balance was \$227,056.

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, 2022**

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, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap Equity	45.00 %
International Equity	10.00
Fixed Income	15.00
Absolute Return	20.00
Real Estate	10.00
Total	<u>100.00 %</u>

As of December 31, 2022, 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>
Fixed Income Mutual Funds:			
PIMCO Investment Fund	\$ 655,210	3.8	Not Rated
PIMCO Investment Grade Corporate	532,385	6.7	Not Rated
Dodge & Cox Income Fund	<u>701,631</u>	5.3	A+
Total Fixed Income Mutual Funds	1,889,226		
Absolute Return Funds:			
Columbia Adaptive Risk Allocation Fund	<u>2,576,030</u>	N/A	N/A
Total Absolute Return Funds	2,576,030		
Equity Mutual Funds:			
Vanguard 500 Index Fund	1,650,226	N/A	N/A
Vanguard Total International Stock Index	499,896	N/A	N/A
Vanguard Dividend Growth Fund	3,403,097	N/A	N/A
Vanguard Small Cap Index	<u>1,193,193</u>	N/A	N/A
Total Equity Mutual Funds	6,746,412		
Money Market:			
Goldman Sach Fin Sq Tr	<u>1,710,785</u>	N/A	N/A
Total Investments	<u>\$ 12,922,453</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, 2022**

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 year ended December 31, 2022 the money-weighted rate of return, net of investment expenses and adjusted for the changing amounts actually invested, for the Plan was -13.24%.

**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, 2022**

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, 2022 and 2021.

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, 2022**

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, 2022
	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	\$ 1,650,226	\$ -	\$ -	\$ 1,650,226
Vanguard Total International Stock Index	499,896	-	-	499,896
Columbia Adaptive Risk Allocation Fund	2,576,030	-	-	2,576,030
Vanguard Dividend Growth Fund	1,193,193	-	-	1,193,193
Vanguard Small Cap Index	3,403,097	-	-	3,403,097
PIMCO Investment Fund	655,210	-	-	655,210
PIMCO Investment Grade Corporate	532,385	-	-	532,385
Dodge & Cox Income Fund	701,631	-	-	701,631
Goldman Sach Fin Sq Tr	1,710,785	-	-	1,710,785
Total Investments by Fair Value Level	<u>\$ 12,922,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,922,453</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, 2022**

NOTE 3 ACCOUNTS RECEIVABLE

As of December 31, 2022, the Proprietary Fund accounts receivable consisted of the following:

	Amount
Tenant Accounts Receivable:	
Dwelling Rents	\$ 148,354
Allowance for Doubtful Accounts - Dwelling Rents	(35,931)
Net Tenant Accounts Receivables	112,423
 Amounts Due from Other Governments:	
U.S. Department of Housing and Urban Development	7,343
Other Governments	1,342,056
Due from Fiduciary Fund	23,125
Total Amounts Due from Other Governments	1,372,524
 Total Receivables	 \$ 1,484,947

**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, 2022**

NOTE 4 CAPITAL ASSETS

The changes in capital assets for the year ended December 31, 2022 were as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Nondepreciable Capital Assets:					
Land	\$ 15,163,552	\$ -	\$ -	\$ -	\$ 15,163,552
Construction in Progress	5,027,254	16,663,001	-	(626,923)	21,063,332
Total Nondepreciable Capital Assets	20,190,806	16,663,001	-	(626,923)	36,226,884
Depreciable Capital Assets:					
Buildings	86,975,158	-	-	626,923	87,602,081
Infrastructure	1,206,645	-	-	-	1,206,645
Administrative Equipment	2,193,645	156,802	-	-	2,350,447
Total Depreciable Capital Assets	90,375,448	156,802	-	626,923	91,159,173
Accumulated Depreciation:					
Buildings	38,623,611	1,929,628	-	-	40,553,239
Infrastructure	555,878	165,394	-	-	721,272
Administrative Equipment	1,590,789	29,212	-	-	1,620,001
Total Accumulated Depreciation	40,770,278	2,124,234	-	-	42,894,512
Total Capital Assets, Being Depreciated, Net	49,605,170	(1,967,432)	-	626,923	48,264,661
Capital Assets, Net	<u>\$ 69,795,976</u>	<u>\$ 14,695,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,491,545</u>

NOTE 5 CHANGES IN LONG-TERM LIABILITIES

The Authority has several notes and bond issues outstanding as of December 31, 2022. These obligations represent fixed liabilities of the concerned projects. In addition, the Authority has a liability for compensated absences. The following is a summary of the changes in all such liabilities for the year ended December 31, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings:					
Revenue Notes	\$ 40,527,309	\$ -	\$ (1,616,809)	\$ 38,910,500	\$ 1,672,523
Notes Payable	10,377,325	7,592,282	(951,877)	17,017,730	45,500
Compensated Absences	196,947	331,358	(315,208)	213,097	21,310
Total	<u>\$ 51,101,581</u>	<u>\$ 7,923,640</u>	<u>\$ (2,883,894)</u>	<u>\$ 56,141,327</u>	<u>\$ 1,739,333</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, 2022**

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 non-amortizing. 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, 2022 is \$45,696 and is fully eliminated.

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 two years. The interest rate will be adjusted to 4.75% for the next three 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, 2022 is \$1,143,649.

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, 2022 is \$6,467,068.

**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, 2022**

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 balances as of December 31, 2022 are \$6,603,817 for the 2014A and \$1,402,629 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. On November 1, 2022, the Authority refinanced the bonds in the principal amount of 1,462,000. The bond bears interest at 4.50% and the principal is to be amortized over 20 years. The bond is due on November 1, 2042. 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 balances as of December 31, 2022 are \$0, \$1,456,729 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, 2022**

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. The outstanding balances as of December 31, 2022 are \$7,346,184 and \$1,197,712 for Series 2015A and 2015B, respectively.

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, 2022, the outstanding balance of the Series 2016 was \$9,190,137. 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, 2022.

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. An agreement signed on February 16, 2021 deferred the payments from January 1, 2021 through and including December 31, 2021. The outstanding balance as of December 31, 2022 is \$2,034,403.

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, 2022 is \$1,314,901. 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, 2022**

NOTE 6 REVENUE NOTES AND NOTES PAYABLE (CONTINUED)

Affordable Housing Programs (Continued)

Garden View Apartments (Development)

On October 14, 2021, the Authority entered into a mortgage and note for the development of the Garden View Apartments.

The Authority entered into a nonrevolving construction loan with a commercial banking institution in the amount of \$9,212,084. The proceeds will fund the construction of the Development. The loan will be interest-only during the first 24 months, with monthly principal and interest payments due after based on a 30-year amortization. The entire outstanding balance of the loan due and payable in full at the end of the 96th month following the start of the principal and interest period. The interest rate for the loan during the construction period will be a fixed rate of 2.61%. The outstanding balance as of December 31, 2022 is \$50,001.

The Authority also entered into an agreement with the Florida Housing Finance Corporation for \$11,600,000 in Community Development Block Grant Disaster Recovery (CDBG-DR) grant funds. The note is nonamortizing and noninterest-bearing for a term of 20 years. The note will not require payment for as long as the Development remains in compliance and will be forgiven after 20 years. The outstanding balance as of December 31, 2022 is \$11,600,000.

As of December 31, 2022, annual debt service requirements of business-type activities to maturity are as follows:

<u>Year Ending December 31,</u>	<u>Notes from Direct Borrowings and Direct Placements</u>			
	<u>Revenue Notes</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,672,523	\$ 1,223,116	\$ 45,500	\$ 65,996
2024	1,731,408	1,038,791	47,636	63,861
2025	1,908,005	859,602	49,872	61,625
2026	1,752,366	821,261	52,213	59,284
2027	1,816,933	781,523	54,664	56,833
2028-2032	10,928,043	3,109,792	1,864,302	243,184
2033-2037	10,275,446	1,920,698	395,320	162,164
2038-2042	4,724,626	1,001,095	14,508,223	60,261
2043-2044	4,101,150	227,088	-	-
Total	<u>\$ 38,910,500</u>	<u>\$ 10,982,966</u>	<u>\$ 17,017,730</u>	<u>\$ 773,208</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, 2022**

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.

Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefits	52
Inactive Plan Members Entitled to But Not Yet	
Receiving Benefits	16
Active Employees	62
Total	<u>130</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 five 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 five 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.

**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, 2022**

NOTE 7 RETIREMENT PLAN (CONTINUED)

Benefits (Continued)

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.

Death Benefits – If a member dies and workers' 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.

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, 2022

NOTE 7 RETIREMENT PLAN (CONTINUED)

Benefits (Continued)

Deferred Retirement Option Program (DROP) – Employees become eligible for DROP upon satisfaction of early or normal retirement requirements. Participation in DROP may not exceed five 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.

The DROP balance as of December 31, 2022 is \$1,742,968.

Contributions

The Authority contributes a percentage of basic annual compensation for its permanent employees equal to the actuarially determined minimum contribution divided by the annual payroll of active employees for the prior year. Pension Plan members shall not make any contributions to the Pension Plan. Contribution requirements of the Authority are established and may be amended by the Authority's Board of Commissioners. The contribution rate was 14.10% for the year ended December 31, 2022. During the current year, the Authority adjusted its contribution for actual payroll paid during the year.

Total Pension Liability

The Authority's total pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the total pension liability was determined by an actuarial valuation as of January 1, 2022 updated to December 31, 2022.

Actuarial assumptions: The total pension liability in the January 1, 2022 updated to December 31, 2022 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%

All mortality rates were based on PubG.H-2010 for Males and Females, as appropriate. All rates are projected generationally with Mortality Improvement Scale MP-2018.

The most recent actuarial experience study used to review the other significant assumption was performed in 2018.

**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, 2022**

NOTE 7 RETIREMENT PLAN (CONTINUED)

Total Pension Liability (Continued)

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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap Equity	4.10%
International Equity	4.64%
US Direct Real Estate	3.54%
Absolute Return	3.04%
Fixed Income	1.05%

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, 2022**

NOTE 7 RETIREMENT PLAN (CONTINUED)

Total 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, 2021	\$ 14,731,687	\$ 15,495,154	\$ (763,467)
Changes for the Year			
Service Cost	348,643	-	348,643
Interest	992,467	-	992,467
Difference Between Expected and Actual Experience	270,823	-	270,823
Changes of benefit terms	(12,243)	-	(12,243)
Contributions - Employer	-	474,797	(474,797)
Net Investment Income	-	(2,031,975)	2,031,975
Benefit Payments, Including Refunds of Employee Contributions	(729,752)	(729,752)	-
Administrative Expenses	-	(77,723)	77,723
Net Changes	869,938	(2,364,653)	3,234,591
Balance at December 31, 2022	<u>\$ 15,601,625</u>	<u>\$ 13,130,501</u>	<u>\$ 2,471,124</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)	\$ 4,165,065	\$ 2,471,124	\$ 1,071,569

**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, 2022**

NOTE 7 RETIREMENT PLAN (CONTINUED)

Total Pension Liability (Continued)

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

For the year ended December 31, 2022, the Authority recognized pension expense of \$788,680. At December 31, 2022, 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	\$ 244,698	\$ 84,820
Changes of Assumptions	37,490	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,234,357	-
Total	\$ 1,516,545	\$ 84,820

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

Year Ending December 31,	Amount
2023	\$ 16,774
2024	335,125
2025	412,326
2026	667,500
Total	\$ 1,431,725

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, 2022, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries, Currently Receiving Benefits	6
Active Plan Members	64
Total	70

**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, 2022**

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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021.

Actuarial assumptions: The total OPEB liability in the December 31, 2022 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	4.31%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	53

Mortality rates were based on the Mortality Improvement Scale MP-2018. For female lives, PubG.H-2010 (Below Median) for Employees, Scale MP-2018 was used. For male lives, PubG.H-2010 (Below Median) for Employees, set back one year, Scale MP-2018 used. For disabled lives, PubG.H-2010 (Below Median) for Employees, set forward three years, was used.

Discount rate: Given the Housing Authority's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.31%. The high-quality municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices nearest the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

The discount rate changed from 2.25% as of December 31, 2021 to 4.31% as of December 31, 2022. Also reflected as assumption changes are updated health care costs and premiums, updated health care cost trend rates, and updated mortality rates.

**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, 2022**

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, 2021	\$ 1,279,731
Changes for the Year	
Service Cost	59,469
Interest	29,545
Differences Between Expected and Actual Experience	-
Changes in Assumptions	(344,654)
Contributions - Employer	-
Benefit Payments	(52,484)
Administrative Expenses	-
Net Changes	(308,124)
Balance at December 31, 2022	\$ 971,607

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 (3.31%) or one percentage-point higher (5.31%) than the current discount rate:

	Discount Rate		
	1% Decrease (3.31)%	Current (4.31)%	1% Increase (5.31)%
Net OPEB liability	\$ 1,118,619	\$ 971,607	\$ 853,336

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	\$ 945,673	\$ 971,607	\$ 1,002,011

**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, 2022**

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, 2022, the Authority recognized OPEB expense of \$61,034.

On December 31, 2022, the Authority reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 197,563	\$ -
Changes of Assumptions	186,600	631,908
Total	<u>\$ 384,163</u>	<u>\$ 631,908</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>
2023	(29,530)
2024	(37,802)
2025	(21,610)
2026	(21,610)
2027	(29,221)
Thereafter	(107,972)

NOTE 9 RESTRICTED NET POSITION

Net position was restricted for the following purposes as of December 31, 2022:

	<u>Amount</u>
Other Business Activities Deposits	\$ 215,844
HAP Equity	60,534
Community Development Block Grant - Construction Funds	<u>1,083,397</u>
Total Restricted Net Position	<u>\$ 1,359,775</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, 2022**

NOTE 10 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, 2022		For Year Ended December 31, 2022	
	Due From	Due To	Management Fees	Bookkeeping Fees
City of Key West, Florida	\$ 158,969	\$ 98,924	\$ -	\$ -
Monroe County Housing Authority	897,310	-	244,881	20,378
Monroe County Housing Corporation, Inc.	-	3,549	(33,778)	-
Marathon Housing Associates, LTD.	129,474	-	-	-
Total	<u>\$ 1,185,753</u>	<u>\$ 102,473</u>	<u>\$ 211,103</u>	<u>\$ 20,378</u>

NOTE 11 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.

NOTE 12 ECONOMIC DEPENDENCY

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

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

**THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, FLORIDA
(A COMPONENT UNIT OF CITY OF KEY WEST, FLORIDA)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 12 ECONOMIC DEPENDENCY (CONTINUED)

The table below shows the revenue allocation by activity for the year ended December 31, 2022.

	<u>Total Revenue</u>	<u>Percentage of Total Revenue</u>
Revenue from HUD		
Section 8 Housing Choice Voucher - HAP	\$ 3,208,428	13.4%
Section 8 Housing Choice Voucher - Administrative	313,742	1.3%
Public and Indian Housing	251,035	1.1%
Capital Fund Program	1,098,425	4.6%
Emergency Housing Voucher - HAP	114,127	0.5%
Emergency Housing Voucher - Admin	22,556	0.1%
Total HUD Funding	<u>5,008,313</u>	<u>21.0%</u>
Non-HUD Funding		
Tenant Rental Revenue, Net of Bad Debt	11,754,290	49.2%
Tenant Revenue Other	359,297	1.5%
Other Government Grants	5,793,631	24.2%
Other Revenue	874,323	3.7%
Investment Income (Unrestricted)	96,285	0.4%
Investment Income (Restricted)	7,869	0.0%
Total Non-HUD Funding	<u>18,885,695</u>	<u>79.0%</u>
Total Revenue	<u><u>\$ 23,894,008</u></u>	<u><u>100%</u></u>

NOTE 13 INTERLOCAL AGREEMENT

On January 20, 2021, the Authority entered into an Interlocal Agreement with Monroe County (the County), a political subdivision of the state of Florida, and the City of Key West (the City), a municipal corporation of the state of Florida. The Authority constructed an Adult Assisted Living Facility (ALF) known as Poinciana Gardens at the City's request. There have been discussions of the County eventually taking over ownership and operation of Poinciana Gardens, but in the interim the County and City have committed to providing funds for the continued operation of Poinciana Gardens. The Authority will be solely responsible for the operation, management, and administration of the Poinciana Gardens ALF. During the year ended December 31, 2022, the Authority received \$1,175,000 from the County and City.

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 TOTAL PENSION LIABILITY AND RELATED RATIOS
LAST TEN YEARS***

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ 348,643	\$ 289,583	\$ 238,090	\$ 227,802	\$ 224,727	\$ 193,005	\$ 254,915	\$ 223,158	\$ 209,477
Interest	992,467	959,227	881,172	846,072	827,611	836,436	785,234	714,968	699,929
Changes of Benefit Terms	(12,236)	879,771	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	270,823	(111,251)	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	(729,752)	(654,116)	(529,422)	(455,308)	(361,122)	(372,272)	(265,544)	(275,901)	(347,169)
Net Change In Total Pension Liability	869,945	1,363,214	753,659	528,209	1,095,950	204,791	983,930	523,838	590,858
Total Pension Liability - Beginning	14,731,680	13,368,466	12,614,807	12,086,598	10,990,648	10,785,857	9,801,927	9,278,089	8,687,231
Total Pension Liability - Ending (A)	\$ 15,601,625	\$ 14,731,680	\$ 13,368,466	\$ 12,614,807	\$ 12,086,598	\$ 10,990,648	\$ 10,785,857	\$ 9,801,927	\$ 9,278,089
Plan Fiduciary Net Position									
Contributions - Employer	\$ 474,797	\$ 412,134	\$ 384,699	\$ 363,806	\$ 266,301	\$ 419,198	\$ 2,551,364	\$ 464,186	\$ 457,983
Net Investment Income	(2,072,457)	2,041,606	1,385,303	2,203,014	(795,590)	1,380,673	546,206	(95,095)	341,879
Benefit Payments, Including Refunds of Member Contributions	(729,752)	(654,116)	(532,160)	(455,308)	(361,123)	(372,272)	(265,544)	(275,901)	(347,169)
Administrative Expense	(37,242)	(24,597)	(25,170)	(23,598)	(23,438)	(24,782)	(60,250)	(21,870)	(17,241)
Net Change in Plan Fiduciary Net Position	(2,364,654)	1,775,027	1,212,672	2,087,914	(913,850)	1,402,817	2,771,776	71,320	435,452
Plan Fiduciary Net Position - Beginning	15,495,155	13,720,128	12,507,456	10,419,542	11,333,392	9,930,575	7,158,799	7,087,479	6,652,027
Plan Fiduciary Net Position - Ending (B)	\$ 13,130,501	\$ 15,495,155	\$ 13,720,128	\$ 12,507,456	\$ 10,419,542	\$ 11,333,392	\$ 9,930,575	\$ 7,158,799	\$ 7,087,479
Net Pension Liability (Asset) - Ending (A) - (B)	\$ 2,471,124	\$ (763,475)	\$ (351,662)	\$ 107,351	\$ 1,667,056	\$ (342,744)	\$ 855,282	\$ 2,643,128	\$ 2,190,610
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.16%	105.18%	102.63%	99.15%	86.21%	103.12%	92.07%	73.03%	76.39%
Covered Payroll	\$ 3,367,351	\$ 3,182,499	\$ 3,077,591	\$ 2,880,875	\$ 2,868,610	\$ 2,873,176	\$ 3,073,967	\$ 2,680,502	\$ 2,539,765
Net Pension Liability as a Percentage of Covered Payroll	73.38%	-23.99%	-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 TOTAL PENSION LIABILITY AND RELATED RATIOS
LAST TEN YEARS* (CONTINUED)**

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

2022 Change of Assumptions

Benefit Changes –

For measurement date 12/31/2022, the following benefit changes have been implemented:

1. Service-Connected Death: The annual benefit to the surviving spouse decreased from 75% to 60% of the Normal Retirement Benefit the Member would have received if he had continued as an Employee at the same rate of pay in effect when he died, until he would first have become eligible for a Normal Retirement Benefit.
2. Non-Service-Connected Death: The annual benefit to the surviving spouse decreased from 60% to 45% of the Normal Retirement Benefit if he had continued as an Employee at the same rate of pay in effect when he died, until he would first have become eligible for a Normal Retirement Benefit, multiplied by the vested percentage.

2021 Change of Assumptions

Benefit Changes –

For measurement date 12/31/2021, the following benefit changes have been implemented pursuant to Resolution #21-2575:

1. For every member that retires on or after January 1, 2022, the annual Normal Retirement Benefit shall be two (2%) percent of Average Final Compensation times years of Credited Service.
2. Effective January 1, 2022, all current and future retirees shall be entitled to an annual two (2%) percent cost-of-living adjustment (COLA).

2020 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

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

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>
12/31/2022	\$ 424,832	\$ 474,797	\$ (49,965)	\$ 3,367,351	14.10%
12/31/2021	\$ 399,858	\$ 412,134	\$ (12,276)	\$ 3,182,499	12.95%
12/31/2020	\$ 377,505	\$ 384,699	\$ (7,194)	\$ 3,077,591	12.50%
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 TOTAL OPEB LIABILITY AND RELATED
RATIOS
LAST TEN YEARS***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 59,469	\$ 53,881	\$ 34,517	\$ 39,757	\$ 46,050
Interest	29,545	28,185	37,482	43,632	39,226
Difference between expected and actual experience	-	18,512	-	367,355	-
Changes of Assumptions	(344,654)	(192,971)	285,323	(306,443)	(113,344)
Benefit Payments	<u>(52,484)</u>	<u>(68,373)</u>	<u>(63,603)</u>	<u>(43,477)</u>	<u>(40,071)</u>
Net Change in total OPEB Liability (A)	(308,124)	(160,766)	293,719	100,824	(68,139)
Total OPEB liability - Beginning	1,279,731	1,440,497	1,146,778	1,045,954	1,114,093
Total OPEB liability - Ending	<u>\$ 971,607</u>	<u>\$ 1,279,731</u>	<u>\$ 1,440,497</u>	<u>\$ 1,146,778</u>	<u>\$ 1,045,954</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 3,381,837	\$ 3,251,766	\$ 3,184,473	\$ 3,061,993	\$ 3,004,164
Net OPEB Liability as a Percentage of the Covered Employee Payroll	28.73%	39.35%	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, 2022

Line Item No.	Account Description	Programs							Central Office Cost Center	Eliminations	Subtotal	Fiduciary Fund	Total
		Project Totals	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	Community Development Block Grant	EHV Emergency Housing Voucher	Other Business Activities					
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES													
CURRENT ASSETS													
Cash:													
111	Unrestricted	\$ 1,287,710	\$ -	\$ 147,876	\$ 431,442	\$ -	\$ 70,757	\$ 3,438,508	\$ 1,247,575	\$ -	\$ 6,623,868	\$ 227,056	\$ 6,850,924
113	Other Restricted	-	-	-	60,534	1,083,397	-	215,844	-	-	1,359,775	-	1,359,775
114	Tenant Security Deposits	95,450	-	8,900	-	-	-	413,496	-	-	517,846	-	517,846
100	Total Cash	1,383,160	-	156,776	491,976	1,083,397	70,757	4,067,848	1,247,575	-	8,501,489	227,056	8,728,545
Accounts and Notes Receivables:													
122	Accounts Receivable - HUD Other Projects	7,343	-	-	-	-	-	-	-	-	7,343	-	7,343
124	Accounts Receivable - Other Government	-	-	-	-	-	-	156,303	1,208,878	-	1,365,181	-	1,365,181
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
126	Accounts Receivable - Tenants	60,136	-	350	-	-	-	87,868	-	-	148,354	-	148,354
126.1	Allowance for Doubtful Accounts Tenants	(10,481)	-	-	-	-	-	(25,450)	-	-	(35,931)	-	(35,931)
127	Notes, Loans, and Mortgages Receivable - Current	-	-	-	-	-	-	45,696	-	(45,696)	-	-	-
120	Total Receivables, Net	56,998	-	350	-	-	-	264,417	1,208,878	(45,696)	1,484,947	-	1,484,947
Investments:													
131	Unrestricted	-	-	-	-	-	-	-	-	-	-	12,922,453	12,922,453
	Total Investments	-	-	-	-	-	-	-	-	-	-	12,922,453	12,922,453
Other Current Assets:													
142	Prepaid Expenses and Other Assets	312,048	-	13,068	952	-	-	530,208	17,663	-	873,939	4,117	878,056
143	Inventories	-	-	-	-	-	-	-	198,521	-	198,521	-	198,521
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	(19,852)	-	(19,852)	-	(19,852)
144	Inter-Program - Due from Other Funds	-	-	-	-	-	-	-	92,051	(92,051)	-	-	-
	Total Other Current Assets	312,048	-	13,068	952	-	-	530,208	288,383	(92,051)	1,052,608	4,117	1,056,725
150	Total Current Assets	1,752,206	-	170,194	492,928	1,083,397	70,757	4,862,473	2,744,836	(137,747)	11,039,044	13,153,626	24,192,670
NONCURRENT ASSETS													
Capital Assets:													
161	Land	569,874	-	614,000	-	3,640,000	-	8,914,678	1,425,000	-	15,163,552	-	15,163,552
162	Buildings	30,965,038	25,000	1,613,350	-	-	-	54,909,808	88,885	-	87,602,081	-	87,602,081
164	Furniture, Equipment, and Machinery - Admin	1,283,601	83,446	9,618	69,964	-	-	450,030	453,788	-	2,350,447	1,349	2,351,796
166	Accumulated Depreciation	(23,901,989)	(108,446)	(973,516)	(34,329)	-	-	(17,458,593)	(417,639)	-	(42,894,512)	(1,349)	(42,895,861)
167	Construction in Progress	49,345	-	-	-	21,013,987	-	-	-	-	21,063,332	-	21,063,332
168	Infrastructure	77,026	-	24,136	-	-	-	1,105,483	-	-	1,206,645	-	1,206,645
160	Total Capital Asset, Net	9,042,895	-	1,287,588	35,635	24,653,987	-	47,921,406	1,550,034	-	84,491,545	-	84,491,545
Other Assets:													
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-
180	Total Noncurrent Assets	9,042,895	-	1,287,588	35,635	24,653,987	-	47,921,406	1,550,034	-	84,491,545	-	84,491,545
190	Total Assets	10,795,101	-	1,457,782	528,563	25,737,384	70,757	52,783,879	4,294,870	(137,747)	95,530,589	13,153,626	108,684,215
200	Deferred Outflows of Resources	744,034	-	29,170	79,315	-	-	591,097	457,092	-	1,900,708	-	1,900,708
290	Total Assets and Deferred Outflows of Resources	\$ 11,539,135	\$ -	\$ 1,486,952	\$ 607,878	\$ 25,737,384	\$ 70,757	\$ 53,374,976	\$ 4,751,962	\$ (137,747)	\$ 97,431,297	\$ 13,153,626	\$ 110,584,923

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, 2022

Line Item No.	Account Description	Programs								Eliminations	Subtotal	Fiduciary Fund	Total
		Project Totals	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	Community Development Block Grant	EHV Emergency Housing Voucher	Other Business Activities	Central Office Cost Center				
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION													
CURRENT LIABILITIES													
312	Accounts Payable ≤90 Days	\$ -	\$ -	\$ -	\$ -	\$ 2,768,073	\$ -	\$ -	\$ 466,970	\$ -	\$ 3,235,043	\$ -	\$ 3,235,043
321	Accrued Wages/Payroll Taxes Payable	22,838	-	854	2,198	1,172	-	36,692	20,142	-	83,896	-	83,896
322	Accrued Compensated Absences - Current	8,259	-	402	484	-	-	5,945	6,220	-	21,310	-	21,310
331	Accounts Payable - HUD PHA Programs	-	-	-	13,165	-	-	-	-	-	13,165	-	13,165
333	Accounts Payable - Other Government	98,924	-	-	-	-	-	-	3,549	-	102,473	23,125	125,598
341	Tenant Security Deposits	95,450	-	8,900	-	-	-	413,496	-	-	517,846	-	517,846
342	Unearned Revenue	7,161	-	852	-	-	-	72,963	-	-	80,976	-	80,976
343	Current Portion of LT Debt - Capital Projects	-	-	90,325	-	-	-	1,673,394	-	(45,696)	1,718,023	-	1,718,023
345	Other Current Liabilities	-	-	-	-	1,280,177	-	-	1,556	-	1,281,733	-	1,281,733
347	Inter-Program - Due to Other Funds	-	-	-	-	92,051	-	-	-	(92,051)	-	-	-
310	Total Current Liabilities	232,632	-	101,333	15,847	4,141,473	-	2,202,490	498,437	(137,747)	7,054,465	23,125	7,077,590
NONCURRENT LIABILITIES													
351	Long-Term Debt, Net of Current - Capital Projects	-	-	1,270,272	-	11,650,001	-	40,514,934	775,000	-	54,210,207	-	54,210,207
354	Accrued Compensated Absences - Noncurrent	74,327	-	3,622	4,356	-	-	53,504	55,978	-	191,787	-	191,787
357	OPEB and Pension Liabilities	672,119	-	26,351	71,649	-	-	533,965	2,138,647	-	3,442,731	-	3,442,731
350	Total Noncurrent Liabilities	746,446	-	1,300,245	76,005	11,650,001	-	41,102,403	2,969,625	-	57,844,725	-	57,844,725
300	Total Liabilities	979,078	-	1,401,578	91,852	15,791,474	-	43,304,893	3,468,062	(137,747)	64,899,190	23,125	64,922,315
400	Deferred Inflows of Resources	354,619	-	13,903	37,803	-	-	281,728	28,675	-	716,728	-	716,728
NET POSITION													
508.4	Net Investment in Capital Assets	9,042,895	-	(73,009)	35,635	9,102,449	-	5,733,078	775,034	45,696	24,661,778	-	24,661,778
511.4	Restricted	-	-	-	60,534	1,083,397	-	215,844	-	-	1,359,775	13,130,501	14,490,276
512.4	Unrestricted	1,162,543	-	144,480	382,054	(239,936)	70,757	3,839,433	480,191	(45,696)	5,793,826	-	5,793,826
513	Total Net Position	10,205,438	-	71,471	478,223	9,945,910	70,757	9,788,355	1,255,225	-	31,815,379	13,130,501	44,945,880
600	Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 11,539,135	\$ -	\$ 1,486,952	\$ 607,878	\$ 25,737,384	\$ 70,757	\$ 53,374,976	\$ 4,751,962	\$ (137,747)	\$ 97,431,297	\$ 13,153,626	\$ 110,584,923

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, 2022

Line Item No.	Account Description	Programs								Eliminations	Subtotal	Fiduciary Fund	Total
		Project Totals	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	Community Development Block Grant	EHV Emergency Housing Voucher	Other Business Activities	Central Office Cost Center				
REVENUE													
70300	Net Tenant Rental Revenue	\$ 3,622,217	\$ -	\$ 336,612	\$ -	\$ -	\$ -	\$ 7,853,934	\$ -	\$ -	\$ 11,812,763	\$ -	\$ 11,812,763
70400	Tenant Revenue - Other	208,935	-	2,663	-	-	-	147,699	-	-	359,297	-	359,297
70500	Total Tenant Revenue	3,831,152	-	339,275	-	-	-	8,001,633	-	-	12,172,060	-	12,172,060
70600	HUD PHA Operating Grants	1,213,984	-	-	3,522,170	-	136,683	-	-	-	4,872,837	-	4,872,837
70610	Capital Grants	135,476	-	-	-	-	-	-	-	-	135,476	-	135,476
70710	Management Fee	-	-	-	-	-	-	-	1,143,705	(1,143,705)	-	-	-
70720	Asset Management Fees	-	-	-	-	-	-	-	-	-	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-	-	74,724	(74,724)	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	92,235	(92,235)	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-	1,310,664	(1,310,664)	-	-	-
70800	Other Government Grants	13,839	-	-	-	4,507,916	-	1,271,876	-	-	5,793,631	-	5,793,631
71100	Investment Income - Unrestricted	26,991	-	1,673	500	-	500	57,841	8,780	-	96,285	571,344	667,629
71500	Other Revenue	59,417	-	2,044	41	3	-	60,932	751,886	-	874,323	471,745	1,346,068
71600	Gain / (Loss) on Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	7,649	-	220	-	-	-	7,869	-	7,869
70000	Total Revenue	5,280,859	-	342,992	3,530,360	4,507,919	137,403	9,392,282	2,071,330	(1,310,664)	23,952,481	1,043,089	24,995,570
EXPENSES													
Administrative:													
91100	Administrative Salaries	216,923	-	15,573	78,046	-	-	280,158	628,834	-	1,219,534	-	1,219,534
91200	Auditing Fees	16,803	-	996	12,596	-	-	28,102	6,388	-	64,885	12,500	77,385
91300	Management Fee	617,772	-	20,197	34,908	-	2,844	467,984	-	(1,143,705)	-	-	-
91310	Book-Keeping Fee	51,128	-	-	21,818	-	1,778	-	-	(74,724)	-	-	-
91500	Employee Benefit Contributions - Administrative	109,802	-	8,936	43,317	-	-	99,116	322,721	-	583,892	-	583,892
91600	Office Expenses	48,644	-	3,583	5,926	-	309	36,342	80,110	-	174,914	-	174,914
91700	Legal Expense	28,385	-	-	-	-	-	5,235	50,750	-	84,370	11,825	96,195
91800	Travel	-	-	-	-	-	-	641	430	-	1,071	-	1,071
91900	Other	4,735	-	3,396	4,980	-	974	36,084	140,196	-	190,365	6,246	196,611
91000	Total Operating - Administrative	1,094,192	-	52,681	201,591	-	5,905	953,662	1,229,429	(1,218,429)	2,319,031	30,571	2,349,602

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, 2022

Line Item No.	Account Description	Programs							Central Office Cost Center	Eliminations	Subtotal	Fiduciary Fund	Total
		Project Totals	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	Community Development Block Grant	EHV Emergency Housing Voucher	Other Business Activities					
EXPENSES (CONTINUED)													
Asset Management Fee													
92000	Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Tenant Services:													
92100	Tenant Services - Salaries	198,297	-	1,708	12,813	-	-	617,554	-	830,372	-	830,372	
92300	Employee Benefit Contributions - Tenant Services	101,738	-	971	6,898	-	-	194,066	18,714	322,387	-	322,387	
92400	Other	79	-	-	-	-	-	136,870	5,087	142,036	-	142,036	
92500	Total Tenant Services	300,114	-	2,679	19,711	-	-	948,490	23,801	1,294,795	-	1,294,795	
Utilities:													
93100	Water	68,395	-	862	-	-	-	32,903	2,306	104,466	-	104,466	
93200	Electricity	328,015	-	5,905	-	-	-	198,848	45,699	578,467	-	578,467	
93800	Other Utilities Expense	-	-	-	-	-	-	46,201	-	46,201	-	46,201	
93000	Total Utilities	396,410	-	6,767	-	-	-	277,952	48,005	729,134	-	729,134	
Ordinary Maintenance and Operation:													
94100	Ordinary Maintenance and Operations- Labor	457,809	-	15,907	-	-	-	589,560	209,905	1,273,181	-	1,273,181	
94200	Ordinary Maintenance and Operations- Material and Other	346,920	-	28,102	-	-	-	314,230	91,199	780,451	-	780,451	
94300	Ordinary Maintenance and Operations- Contracts	441,771	-	28,304	2,418	-	-	459,922	27,177	(92,235)	-	867,357	
94500	Employee Benefit Contributions - Ordinary Maintenance	273,502	-	9,670	-	-	-	312,311	138,464	733,947	-	733,947	
94000	Total Maintenance	1,520,002	-	81,983	2,418	-	-	1,676,023	466,745	(92,235)	-	3,654,936	
Protective Services:													
95200	Protective Services - Other Contract Costs	21,650	-	-	-	-	-	-	-	21,650	-	21,650	
95000	Total Protective Services	21,650	-	-	-	-	-	-	-	21,650	-	21,650	
Insurance Premiums:													
96120	Liability Insurance	-	-	-	-	-	-	-	-	-	6,671	6,671	
96140	All Other Insurance	858,596	-	48,510	5,296	-	-	1,281,259	73,153	2,266,814	-	2,266,814	
96100	Total Insurance Premiums	858,596	-	48,510	5,296	-	-	1,281,259	73,153	2,266,814	6,671	2,273,485	
General Expenses:													
96200	Other General Expenses	128,788	-	22	27,979	-	100	246,268	144,937	548,094	3,370,501	3,918,595	
96210	Compensated Absences	96,631	-	2,892	8,253	-	-	90,761	66,144	264,681	-	264,681	
96300	Payments in Lieu of Taxes	98,924	-	-	-	-	-	-	-	98,924	-	98,924	
96400	Bad Debt - Tenant Rents	27,588	-	540	-	-	-	30,345	-	58,473	-	58,473	
96000	Total Other General Expenses	351,931	-	3,454	36,232	-	100	367,374	211,081	970,172	3,370,501	4,340,673	
Interest and Amortization Expenses:													
96710	Interest on Mortgage (or Bonds) Payable	-	-	47,585	-	1,714	-	1,255,309	-	1,304,608	-	1,304,608	
96700	Total Interest Expense and Amortization Cost	-	-	47,585	-	1,714	-	1,255,309	-	1,304,608	-	1,304,608	
96900	Total Operating Expenses	4,542,895	-	243,659	265,248	1,714	6,005	6,760,069	2,052,214	(1,310,664)	3,407,743	15,968,883	
97000	Excess (Deficiency) of Operating Revenue Over (Under) Operating Expenses	737,964	-	99,333	3,265,112	4,506,205	131,398	2,632,213	19,116	11,391,341	(2,364,654)	9,026,687	

**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, 2022**

Line Item No.	Account Description	Programs								Eliminations	Subtotal	Fiduciary Fund	Total
		Project Totals	Resident Opportunities and Supportive Services	HOME Investments Partnerships Program	Section 8 Housing Choice Voucher Program	Community Development Block Grant	EHV Emergency Housing Voucher	Other Business Activities	Central Office Cost Center				
Other Expenses:													
97100	Extraordinary Maintenance	\$ 916,444	\$ -	\$ 2,315	\$ -	\$ -	\$ -	\$ 162,217	\$ 5,970	\$ -	\$ 1,086,946	\$ -	\$ 1,086,946
97300	Housing Assistance Payments	-	-	-	3,216,170	-	253,477	-	-	-	3,469,647	-	3,469,647
97350	HAP Portability-In	-	-	-	-	-	12,280	-	-	-	12,280	-	12,280
97400	Depreciation Expense	590,624	-	40,937	11,708	-	-	1,434,818	46,148	-	2,124,235	-	2,124,235
	Total Other Expenses	1,507,068	-	43,252	3,227,878	-	265,757	1,597,035	52,118	-	6,693,108	-	6,693,108
90000	Total Expenses	6,049,963	-	286,911	3,493,126	1,714	271,762	8,357,104	2,104,332	(1,310,664)	19,254,248	3,407,743	22,661,991
OTHER FINANCING SOURCES (USES)													
10010	Operating Transfers In	105,223	-	-	-	-	-	261,497	425,000	(791,720)	-	-	-
10020	Operating Transfers Out	(105,223)	-	-	-	-	-	(425,000)	(261,497)	791,720	-	-	-
10100	Total Other Financing Sources (Uses)	-	-	-	-	-	-	(163,503)	163,503	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(769,104)	-	56,081	37,234	4,506,205	(134,359)	871,675	130,501	-	4,698,233	(2,364,654)	2,333,579
11030	Beginning Equity	10,974,542	-	15,390	440,989	5,439,705	205,116	8,916,680	1,124,724	-	27,117,146	15,495,155	42,612,301
11040	Equity Transfers	-	-	-	-	-	-	-	-	-	-	-	-
	NET POSITION, END OF YEAR	<u>\$ 10,205,438</u>	<u>\$ -</u>	<u>\$ 71,471</u>	<u>\$ 478,223</u>	<u>\$ 9,945,910</u>	<u>\$ 70,757</u>	<u>\$ 9,788,355</u>	<u>\$ 1,255,225</u>	<u>\$ -</u>	<u>\$ 31,815,379</u>	<u>\$ 13,130,501</u>	<u>\$ 44,945,880</u>
11170	Administrative Fee Equity	\$ -	\$ -	\$ -	\$ 417,689	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 417,689	\$ -	\$ 417,689
11180	Housing Assistance Payments Equity	\$ -	\$ -	\$ -	\$ 60,534	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,534	\$ -	\$ 60,534
11190	Unit Months Available	7,056	-	336	3,048	-	336	5,400	-	-	16,176	-	16,176
11210	Number of Unit Months Leased	6,817	-	315	2,909	-	237	4,931	-	-	15,209	-	15,209
11270	Excess Cash	\$ 846,994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 846,994	\$ -	\$ 846,994
11620	Building Purchases	\$ 135,476	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 135,476	\$ -	\$ 135,476
11640	Furniture & Equipment - Administrative Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2022

Line Item No.	Account Description	Project #1	Project #2	Total Projects
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash:				
111	Unrestricted	\$ 1,239,957	\$ 47,753	\$ 1,287,710
114	Tenant Security Deposits	<u>62,300</u>	<u>33,150</u>	<u>95,450</u>
100	Total Cash	1,302,257	80,903	1,383,160
Accounts and Notes Receivable:				
122	Accounts Receivable - HUD Other Projects	7,343	-	7,343
126	Accounts Receivable - Tenants	58,803	1,333	60,136
126.1	Allowance for Doubtful Accounts - Tenants	<u>(10,481)</u>	<u>-</u>	<u>(10,481)</u>
120	Total Receivables, Net	55,665	1,333	56,998
Other Current Assets:				
142	Prepaid Expenses and Other Assets	<u>232,356</u>	<u>79,692</u>	<u>312,048</u>
150	Total Current Assets	1,590,278	161,928	1,752,206
NONCURRENT ASSETS				
Capital Assets:				
161	Land	514,036	55,838	569,874
162	Buildings	18,082,921	12,882,117	30,965,038
164	Furniture, Equipment and Machinery - Administration	988,369	295,232	1,283,601
166	Accumulated Depreciation	(17,005,701)	(6,896,288)	(23,901,989)
167	Construction in Progress	49,345	-	49,345
168	Infrastructure	<u>77,026</u>	<u>-</u>	<u>77,026</u>
160	Total Capital Assets, Net	2,705,996	6,336,899	9,042,895
174	Other Assets	<u>-</u>	<u>-</u>	<u>-</u>
180	Total Noncurrent Assets	2,705,996	6,336,899	9,042,895
190	Total Assets	4,296,274	6,498,827	10,795,101
200	Deferred Outflows of Resources	<u>426,145</u>	<u>317,889</u>	<u>744,034</u>
290	Total Assets and Deferred Outflows of Resources	<u>\$ 4,722,419</u>	<u>\$ 6,816,716</u>	<u>\$ 11,539,135</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, 2022**

Line Item No.	Account Description	Project #1	Project #2	Total Projects
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
321	Accrued Wages/Payroll Taxes Payable	\$ 12,633	\$ 10,205	\$ 22,838
322	Accrued Compensated Absences - Current Portion	5,710	2,549	8,259
333	Accounts Payable - Other Government	98,924	-	98,924
341	Tenant Security Deposits	62,300	33,150	95,450
342	Unearned Revenues	6,552	609	7,161
310	Total Current Liabilities	<u>186,119</u>	<u>46,513</u>	<u>232,632</u>
NONCURRENT LIABILITIES				
354	Accrued Compensated Absences - Noncurrent	51,388	22,939	74,327
357	Net Pension Liability	384,956	287,163	672,119
350	Total Noncurrent Liabilities	<u>436,344</u>	<u>310,102</u>	<u>746,446</u>
300	Total Liabilities	622,463	356,615	979,078
400	Deferred Inflows of Resources	<u>203,108</u>	<u>151,511</u>	<u>354,619</u>
NET POSITION				
508.4	Net Investment In Capital Assets	2,705,996	6,336,899	9,042,895
512.4	Unrestricted	1,190,852	(28,309)	1,162,543
513	Total Net Position	<u>3,896,848</u>	<u>6,308,590</u>	<u>10,205,438</u>
600	Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 4,722,419</u>	<u>\$ 6,816,716</u>	<u>\$ 11,539,135</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, 2022

Line Item No.	Account Description	Project #1	Project #2	CFP	Total Projects
REVENUE					
70300	Net Tenant Rental Revenue	\$ 2,684,113	\$ 938,104	\$ -	\$ 3,622,217
70400	Tenant Revenue - Other	30,368	178,567	-	208,935
70500	Total Tenant Revenue	<u>2,714,481</u>	<u>1,116,671</u>	-	3,831,152
70600	HUD PHA Operating Grants	11,572	239,463	962,949	1,213,984
70610	Capital Grants	-	-	135,476	135,476
70800	Other Government Grants	13,839	-	-	13,839
71100	Investment Income - Unrestricted	24,582	2,409	-	26,991
71500	Other Revenue	37,273	22,144	-	59,417
70000	Total Revenue	<u>2,801,747</u>	<u>1,380,687</u>	<u>1,098,425</u>	<u>5,280,859</u>
EXPENSES					
Administrative:					
91100	Administrative Salaries	125,992	90,931	-	216,923
91200	Auditing Fees	11,427	5,376	-	16,803
91300	Management Fee	351,587	174,481	91,704	617,772
91310	Book-Keeping Fee	34,170	16,958	-	51,128
91500	Employee Benefit Contributions - Administrative	66,794	43,008	-	109,802
91600	Office Expenses	37,771	10,163	710	48,644
91700	Legal Expense	23,125	5,260	-	28,385
91900	Other	2,626	2,109	-	4,735
91000	Total Operating - Administrative	<u>653,492</u>	<u>348,286</u>	<u>92,414</u>	<u>1,094,192</u>
Asset Management:					
92000	Asset Management Fees	-	-	-	-
Tenant Services:					
92100	Salaries	61,517	136,780	-	198,297
92300	Employee Benefit Contributions - Tenant Services	29,623	72,115	-	101,738
92400	Other	79	-	-	79
92500	Total Tenant Services	<u>91,219</u>	<u>208,895</u>	-	<u>300,114</u>
Utilities:					
93100	Water	5,537	62,858	-	68,395
93200	Electricity	57,723	270,292	-	328,015
93000	Total Utilities	<u>63,260</u>	<u>333,150</u>	-	<u>396,410</u>
94100	Ordinary Maintenance and Operations - Labor	288,519	169,290	-	457,809
94200	Ordinary Maintenance and Operations - Materials and Other	189,961	63,512	93,447	346,920
94300	Ordinary Maintenance and Operations Contracts	323,784	93,446	24,541	441,771
94500	Employee Benefit Contributions - Ordinary Maintenance	179,898	93,604	-	273,502
94000	Total Maintenance	<u>982,162</u>	<u>419,852</u>	<u>117,988</u>	<u>1,520,002</u>
Protective Services:					
95200	Other Contract Costs	21,650	-	-	21,650
95000	Total Protective Services	<u>21,650</u>	-	-	<u>21,650</u>
Insurance Premiums:					
96140	All Other Insurance	621,556	237,040	-	858,596
96100	Total Insurance Premiums	<u>621,556</u>	<u>237,040</u>	-	<u>858,596</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, 2022

Line Item No.	Account Description	Project #1	Project #2	CFP	Total Projects
EXPENSES (CONTINUED)					
General Expenses:					
96200	Other General Expenses	\$ 29,144	\$ 93,561	\$ 6,083	\$ 128,788
96210	Compensated Absences	62,626	34,005	-	96,631
96300	Payments in Lieu of Taxes	98,924	-	-	98,924
96400	Bad Debt - Tenant Rents	21,120	6,468	-	27,588
96000	Total Other General Expenses	<u>211,814</u>	<u>134,034</u>	<u>6,083</u>	<u>351,931</u>
96900	Total Operating Expenses	<u>2,645,153</u>	<u>1,681,257</u>	<u>216,485</u>	<u>4,542,895</u>
97000	Excess (Deficiency) of Operating Revenue Over (Under) Operating Expenses	156,594	(300,570)	881,940	737,964
Other Expenses:					
97100	Extraordinary Maintenance	275,203	-	641,241	916,444
97400	Depreciation Expense	297,906	234,606	58,112	590,624
	Total Other Expenses	<u>573,109</u>	<u>234,606</u>	<u>699,353</u>	<u>1,507,068</u>
90000	Total Expenses	3,218,262	1,915,863	915,838	6,049,963
OTHER FINANCING SOURCES (USES)					
10010	Operating Transfers In	-	105,223	-	105,223
10020	Operating Transfers Out	-	-	(105,223)	(105,223)
10100	Total Other Financing Sources (Uses)	<u>-</u>	<u>105,223</u>	<u>(105,223)</u>	<u>-</u>
10000	Excess (Deficiency) of Total Revenues Over (Under) Total Expenses	(416,515)	(429,953)	77,364	(769,104)
11030	Beginning Equity	<u>3,824,100</u>	<u>6,738,543</u>	<u>411,899</u>	<u>10,974,542</u>
	NET POSITION - END OF YEAR	<u>\$ 3,407,585</u>	<u>\$ 6,308,590</u>	<u>\$ 489,263</u>	<u>\$ 10,205,438</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, 2022

Line Item No.	Account Description	Poinciana Complex	Key Plaza Site B	Roosevelt Gardens Complex	Old Town	3rd & Patterson	Washington Street	Poinciana Gardens Senior Living	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
CURRENT ASSETS									
Cash:									
111	Unrestricted	\$ 932,979	\$ 1,162,386	\$ 763,754	\$ 282,618	\$ 193,483	\$ 227,518	\$ (124,230)	\$ 3,438,508
113	Other Restricted	-	-	-	-	-	-	215,844	215,844
114	Tenant Security Deposits	181,020	36,139	113,716	23,216	6,510	19,045	33,850	413,496
100	Total Cash	1,113,999	1,198,525	877,470	305,834	199,993	246,563	125,464	4,067,848
Accounts and Notes Receivable:									
124	Accounts Receivable - Other Governments	-	-	-	6,303	-	-	150,000	156,303
126	Accounts Receivable - Tenants	12,318	5,813	5,766	4,997	-	1,585	57,389	87,868
126.1	Allowance for Doubtful Accounts	-	-	(1,285)	-	-	-	(24,165)	(25,450)
127	Notes, Loans, and Mortgages Receivable - Current	45,696	-	-	-	-	-	-	45,696
120	Total Receivables, Net	58,014	5,813	4,481	11,300	-	1,585	183,224	264,417
Other Current Assets:									
142	Prepaid Expenses and Other Assets	215,881	48,051	108,134	27,540	12,517	20,284	97,801	530,208
150	Total Current Assets	1,387,894	1,252,389	990,085	344,674	212,510	268,432	406,489	4,862,473
NONCURRENT ASSETS									
Capital Assets:									
161	Land	1,999,738	1,133,493	2,824,840	680,983	772,500	1,292,862	210,262	8,914,678
162	Buildings	14,047,006	4,947,994	11,130,909	1,534,879	933,542	2,284,061	20,031,417	54,909,808
164	Furniture, Equipment and Machinery - Administration	229,797	46,370	27,923	-	-	2,080	143,860	450,030
166	Accumulated Depreciation	(7,170,564)	(1,352,803)	(5,237,521)	(343,571)	(424,080)	(523,155)	(2,406,899)	(17,458,593)
168	Infrastructure	638,565	-	428,026	-	-	-	38,892	1,105,483
160	Total Capital Assets, Net	9,744,542	4,775,054	9,174,177	1,872,291	1,281,962	3,055,848	18,017,532	47,921,406
171	Notes and Loans Receivable - Noncurrent	-	-	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-	-	-
180	Total Noncurrent Assets	9,744,542	4,775,054	9,174,177	1,872,291	1,281,962	3,055,848	18,017,532	47,921,406
190	Total Assets	11,132,436	6,027,443	10,164,262	2,216,965	1,494,472	3,324,280	18,424,021	52,783,879
200	Deferred Outflows of Resources	269,863	76,610	164,293	42,356	12,590	25,385	-	591,097
290	Total Assets and Deferred Outflows of Resources	\$ 11,402,299	\$ 6,104,053	\$ 10,328,555	\$ 2,259,321	\$ 1,507,062	\$ 3,349,665	\$ 18,424,021	\$ 53,374,976

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, 2022

Line Item No.	Account Description	Poinciana Complex	Key Plaza Site B	Roosevelt Gardens Complex	Old Town	3rd & Patterson	Washington Street	Poinciana Gardens Senior Living	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION									
CURRENT LIABILITIES									
312	Accounts Payable < 90 Days	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
321	Accrued Wages/Payroll Taxes Payable	7,945	2,258	4,837	1,254	371	747	19,280	36,692
322	Accrued Compensated Absences	2,803	772	1,663	320	119	268	-	5,945
341	Tenant Security Deposits	181,020	36,139	113,716	23,216	6,510	19,045	33,850	413,496
342	Unearned Revenue	16,534	7,137	13,151	3,916	584	5,797	25,844	72,963
343	Current Portion of LT Debt - Capital Projects	563,023	59,811	342,601	-	-	45,500	662,459	1,673,394
344	Current Portion of LT Debt - Operating Borrowings	-	-	-	-	-	-	-	-
310	Total Current Liabilities	<u>771,325</u>	<u>106,117</u>	<u>475,968</u>	<u>28,706</u>	<u>7,584</u>	<u>71,357</u>	<u>741,433</u>	<u>2,202,490</u>
NONCURRENT LIABILITIES									
351	Long-Term Debt, Net of Current - Capital Proj.	9,443,161	2,583,838	6,124,467	-	-	3,047,229	19,316,239	40,514,934
354	Accrued Compensated Absences-Non-Current	25,229	6,951	14,965	2,883	1,068	2,408	-	53,504
357	Net Pension Liability	243,780	69,205	148,413	38,262	11,373	22,932	-	533,965
350	Total Noncurrent Liabilities	<u>9,712,170</u>	<u>2,659,994</u>	<u>6,287,845</u>	<u>41,145</u>	<u>12,441</u>	<u>3,072,569</u>	<u>19,316,239</u>	<u>41,102,403</u>
300	Total Liabilities	10,483,495	2,766,111	6,763,813	69,851	20,025	3,143,926	20,057,672	43,304,893
400	Deferred Inflows of Resources	<u>128,622</u>	<u>36,514</u>	<u>78,305</u>	<u>20,188</u>	<u>6,000</u>	<u>12,099</u>	<u>-</u>	<u>281,728</u>
NET POSITION									
508.4	Net Investment in Capital Assets	(261,642)	2,131,405	2,707,109	1,872,291	1,281,962	(36,881)	(1,961,166)	5,733,078
	Restricted	-	-	-	-	-	-	215,844	215,844
512.4	Unrestricted	1,051,824	1,170,023	779,328	296,991	199,075	230,521	111,671	3,839,433
513	Total Net Position	<u>790,182</u>	<u>3,301,428</u>	<u>3,486,437</u>	<u>2,169,282</u>	<u>1,481,037</u>	<u>193,640</u>	<u>(1,633,651)</u>	<u>9,788,355</u>
600	Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 11,402,299</u>	<u>\$ 6,104,053</u>	<u>\$ 10,328,555</u>	<u>\$ 2,259,321</u>	<u>\$ 1,507,062</u>	<u>\$ 3,349,665</u>	<u>\$ 18,424,021</u>	<u>\$ 53,374,976</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, 2022

Line Item No.	Account Description	Poinciana Complex	Key Plaza Site B	Roosevelt Gardens Complex	Old Town	3rd & Patterson	Washington Street	Poinciana Gardens Senior Living	Total
REVENUE									
70300	Net Tenant Rental Revenue	\$ 2,741,452	\$ 688,780	\$ 1,570,761	\$ 370,976	\$ 96,783	\$ 285,485	\$ 2,099,697	\$ 7,853,934
70400	Tenant Revenue - Other	68,374	23,939	35,691	6,045	2,280	9,586	1,784	147,699
70500	Total Tenant Revenue	2,809,826	712,719	1,606,452	377,021	99,063	295,071	2,101,481	8,001,633
70800	Other Government Grants	-	-	-	-	-	96,876	1,175,000	1,271,876
71100	Investment Income - Unrestricted	17,480	17,793	12,432	4,115	2,881	1,808	1,332	57,841
71500	Other Revenue	21,944	5,337	11,770	2,957	1,944	7,830	9,150	60,932
71600	Gain / (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-
70000	Total Revenue	2,849,250	735,849	1,630,654	384,093	103,888	401,585	3,286,963	9,392,282
EXPENSES									
Administrative:									
91100	Administrative Salaries	83,279	23,794	51,264	5,215	3,676	8,221	104,709	280,158
91200	Auditing Fees	9,563	2,359	5,484	1,138	363	986	8,209	28,102
91300	Management Fee	219,316	55,102	125,661	29,678	9,678	28,549	-	467,984
91500	Employee Benefit Contributions - Administrative	44,219	12,667	24,548	2,528	1,898	4,201	9,055	99,116
91600	Office Expenses	6,237	642	3,774	3,810	90	207	21,582	36,342
91700	Legal Expenses	198	861	-	-	-	57	4,119	5,235
91800	Travel	-	-	-	-	-	-	641	641
91900	Other Expenses	4,466	3,342	3,481	-	3,195	3,268	18,332	36,084
91000	Total Operating - Administrative	367,278	98,767	214,212	42,369	18,900	45,489	166,647	953,662
Tenant Services:									
92100	Tenant Services - Salaries	7,774	2,563	5,125	1,708	-	854	599,530	617,554
92300	Employee Benefit Contributions - Tenant Services	4,115	1,372	2,511	939	-	445	184,684	194,066
92400	Tenant Services - Other	-	-	-	-	-	-	136,870	136,870
92500	Total Tenant Services	11,889	3,935	7,636	2,647	-	1,299	921,084	948,490
Utilities:									
93100	Water	2,612	1,172	1,610	2,336	-	1,285	23,888	32,903
93200	Electricity	12,728	4,185	11,060	1,269	-	2,385	167,221	198,848
93300	Gas	-	-	-	-	-	-	-	-
93800	Other Utilities Expense	19,700	5,981	11,157	6,192	648	2,523	-	46,201
93000	Total Utilities	35,040	11,338	23,827	9,797	648	6,193	191,109	277,952

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, 2022

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	\$ 225,009	\$ 63,204	\$ 135,872	\$ 42,676	\$ 10,992	\$ 20,610	\$ 91,197	\$ 589,560
94200	Ordinary Maintenance and Ops - Materials	132,063	35,978	75,495	16,769	627	7,408	45,890	314,230
94300	Ordinary Maintenance and Ops - Contracts	159,111	37,994	109,008	29,438	9,637	14,261	100,473	459,922
94500	Employee Benefits Contributions - Maint.	131,013	36,900	72,634	25,482	6,325	11,581	28,376	312,311
	Total Maintenance	647,196	174,076	393,009	114,365	27,581	53,860	265,936	1,676,023
	Insurance Premiums:								
96140	All Other Insurance	462,487	96,734	221,613	49,754	30,928	44,330	375,413	1,281,259
96100	Total Insurance Premiums	462,487	96,734	221,613	49,754	30,928	44,330	375,413	1,281,259
	General Expenses:								
96200	Other General Expenses	187	20	1,917	12	3	61,971	182,158	246,268
96210	Compensated Absences	32,167	9,091	19,448	6,695	1,511	3,029	18,820	90,761
96400	Bad Debt - Tenant Rents	5,393	5,543	1,545	974	-	-	16,890	30,345
96000	Total Other General Expenses	37,747	14,654	22,910	7,681	1,514	65,000	217,868	367,374
96710	Interest on Mortgage (or Bonds) Payable	294,431	47,221	268,785	-	-	42,463	602,409	1,255,309
96900	Total Operating Expenses	1,856,068	446,725	1,151,992	226,613	79,571	258,634	2,740,466	6,760,069
97000	Excess of Operating Revenue Over Operating Expenses	993,182	289,124	478,662	157,480	24,317	142,951	546,497	2,632,213
	Other Expenses:								
97100	Extraordinary Maintenance	78,520	13,415	43,530	20,587	-	-	6,165	162,217
97400	Depreciation Expense	379,384	127,549	292,932	38,372	23,765	47,125	525,691	1,434,818
	Total Other Expenses	457,904	140,964	336,462	58,959	23,765	47,125	531,856	1,597,035
90000	Total Expenses	2,313,972	587,689	1,488,454	285,572	103,336	305,759	3,272,322	8,357,104
	OTHER FINANCING SOURCES (USES)								
10010	Operating Transfers In	-	-	-	-	-	25,000	236,497	261,497
10020	Operating Transfers Out	(225,000)	(150,000)	(15,000)	(30,000)	(5,000)	-	-	(425,000)
10100	Total Other Financing Uses	(225,000)	(150,000)	(15,000)	(30,000)	(5,000)	25,000	236,497	(163,503)
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	310,278	(1,840)	127,200	68,521	(4,448)	120,826	251,138	871,675
11030	Beginning Equity	479,904	3,303,268	3,359,237	2,100,761	1,485,485	72,814	(1,884,789)	8,916,680
	NET POSITION - END OF YEAR	\$ 790,182	\$ 3,301,428	\$ 3,486,437	\$ 2,169,282	\$ 1,481,037	\$ 193,640	\$ (1,633,651)	\$ 9,788,355

**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, 2022**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Federal Expenditures
Direct Federal Assistance:				
<u>Department of Housing and Urban Development</u>				
Public and Indian Housing	14.850	N/A	N/A	\$ 251,035
Total Public and Indian Housing Funds				<u>251,035</u>
Section 8 Housing Choice Vouchers	14.871	N/A	N/A	3,522,170
Emergency Housing Vouchers	14.871	N/A	N/A	136,683
Total Housing Voucher Cluster				<u>3,658,853</u>
Capital Fund Program:				
Public Housing Capital Fund	14.872	N/A	N/A	6,462
Public Housing Capital Fund	14.872	N/A	N/A	3,456
Public Housing Capital Fund	14.872	N/A	N/A	508,285
Public Housing Capital Fund	14.872	N/A	N/A	580,222
Total Capital Fund Program				<u>1,098,425</u>
Total Direct Federal Awards				<u>5,008,313</u>
Indirect Federal Assistance:				
<u>Department of Housing and Urban Development</u>				
Passed through Florida Housing Finance Corporation Community Block Development Grant - Disaster Recovery	14.239	N/A	N/A	11,600,000
Total Indirect Federal Awards				<u>11,600,000</u>
Total Federal Awards				<u>\$ 16,608,313</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
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2022. 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.

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 2 INDIRECT COSTS RATE

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

NOTE 3 HOUSING CHOICE VOUCHER PROGRAM

The Authority received \$3,522,170 in federal funding for the Section 8 Housing Choice Voucher Program (ALN 14.871), and \$136,683 for the Emergency Housing Voucher Program during the year. The Authority reported \$3,493,126 and \$271,762 in expenditures on a full accrual basis for the Section 8 Housing Choice Voucher Program, and Emergency Housing Voucher Program during the year, which were paid with federal and non-federal funds.

NOTE 4 PUBLIC AND INDIAN HOUSING

The Authority received \$251,035 in federal funding for the Public and Indian Housing Program (ALN 14.850) during the fiscal year. The Authority reported \$5,134,125 in expenditures on a full accrual basis for the Public and Indian Housing Program during the year. Expenses were paid for by current year HUD funding, tenant rent, and other sources of Public Housing revenue.

**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
DECEMBER 31, 2022**

NOTE 5 LOANS OUTSTANDING

The Authority had the following loan balance outstanding at December 31, 2022:

<u>Program Title</u>	<u>Amount Outstanding</u>
Passed through Florida Housing Finance Corporation Community Block Development Grant - Disaster Recovery	\$ 11,600,000

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 aggregate remaining fund information 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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 31, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
August 31, 2023



**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

Opinion on 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 identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2022. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
August 31, 2023

**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, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
14.269	Community Development Block Grant Disaster Recovery Grants (CDBG-DR)
14.782	Capital Fund Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<u> X </u> Yes _____ 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, 2022

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).