

City of Key West, Florida

Compliance Section
For The Year Ended September 30, 2022



City of Key West, Florida

Compliance Section
For The Year Ended September 30, 2022

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Key West, Florida (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 27, 2023. Our report includes a reference to other auditors who audited the financial statements of The Housing Authority of the City of Key West, Florida, which is the sole discretely presented component unit, as described in our report on the City's financial statements. Also, other auditors audited the financial statements of the Pension Trust Fund for Police Officers and Firefighters, as described in our report on the City's basic financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 27, 2023

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

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited the City of Key West, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the City's major federal programs and state projects for the year ended September 30, 2022. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the fiscal year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program and State Project

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements 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 and state project. Our audit does not provide a legal determination of the City'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 City's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements. We issued our report thereon dated April 27, 2023, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financials statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, *Rules of the Florida Auditor General*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financials statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 27, 2023

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

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

Report on the Financial Statements

We have audited the financial statements of the City of Key West, Florida (the "City"), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated April 27, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated April 27, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

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

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

Additional Matters

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

Purpose of this Letter

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 27, 2023

City of Key West, Florida

Exhibit 1

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

Data Element	Naval Properties Local Redevelopment Authority	Caroline Street Corridor and Bahama Village Community Redevelopment Agency
Number of district employees compensated at 9/30/2022	None	None
Number of independent contractors compensated at September 2022	None	None
Employee compensation for FYE 9/30/2022 (paid/accrued)	\$ -	\$ 13,779
Independent contractor compensation for FYE 9/30/2022 (paid/accrued)	\$ -	\$ -
Each construction project to begin on or after October 1 2021; (>\$65K)		
The Caroline Street Paving Project	\$ -	\$ 1,000,000
Douglass Gym Expansion	\$ -	\$ 4,829,796
Budget variance report(Annual Comprehensive Financial Report Pages)	N/A	98-99

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

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

We have examined the City of Key West, Florida's (the "City") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2022. Management is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City complied, in all material respects, with the aforementioned requirements, for the year ended September 30, 2022.

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 27, 2023

CPA's + Trusted Advisors

**City of Key West, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance
For the Year Ended September 30, 2022**

Federal or State Grantor/Pass-Through Grantor/Program	Assistance Listing Number	CSFA Number	Grant/ Contract Number	Expenditures	Transfers to Subrecipients
Federal Awards:					
<u>U.S. Department of Housing & Urban Development:</u>					
Direct Program					
Housing Opportunities for Persons with AIDS	14.241	N/A	FL-H19-0020	\$ 459,712	\$ 446,712
<u>U.S. Department of Interior Fish and Wildlife Service:</u>					
Pass-through State of Florida Department of Environmental Protection					
Clean Vessel Act	15.616	N/A	MV409	18,453	-
<u>U.S. Department of Justice:</u>					
Direct Program					
Bulletproof Vest Partnership Program	16.607	N/A	2020BUBX20021729	9,396	-
Bulletproof Vest Partnership Program	16.607	N/A	2021BUBX21025517	3,299	-
			16.607 Total	12,695	-
Pass-through Florida Department of Law Enforcement					
Coronavirus Emergency Supplemental Funding	16.034	N/A	2021-CESF-MONR-1-C9-111	62,078	-
Edward Byrne Memorial JAG Program	16.738	N/A	2021-JAGD-MONR-1-4R-052	5,370	-
			Total U.S. Department of Justice	80,143	-
<u>U.S. Department of Transportation:</u>					
Federal Transit Cluster:					
Pass-through State of Florida Department of Transportation					
Bus and Bus Facilities Formula Program	20.526	N/A	1001-2021-6	113,499	-
Highway Planning and Construction Cluster:					
Pass-through State of Florida Department of Transportation					
Highway Planning and Construction	20.205	N/A	ANT08	56,554	-
Highway Planning and Construction	20.205	N/A	G1X00	8,951	-
			20.205 Total	65,505	-
Highway Safety Cluster:					
Pass-through State of Florida Department of Transportation					
State and Community Highway Safety	20.600	N/A	G2232	13,972	-
Pass-through State of Florida Department of Transportation					
Formula Grants for Rural Areas	20.509	N/A	ARN97	291,382	-
Formula Grants for Rural Areas	20.509	N/A	G2118	336,418	-
Formula Grants for Rural Areas	20.509	N/A	G1T47	142,872	-
			20.509 Total	770,672	-
			Total U.S. Department of Transportation	963,648	-
<u>U.S. Department of Health and Human Services:</u>					
Pass-through the Monroe County Coalition, Inc.					
Drug-Free Communities Support Program Grants	93.276	N/A	-	1,235	-

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

**City of Key West, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance (continued)
For the Year Ended September 30, 2022**

Federal or State Grantor/Pass-Through Grantor/Program	Assistance Listing Number	CSFA Number	Grant/ Contract Number	Expenditures	Transfers to Subrecipients
Federal Awards (continued):					
<u>Executive Office of the President:</u>					
Pass-through South Florida High Intensity Drug Trafficking Area					
High Intensity Drug Trafficking Areas Program	95.001	N/A	FC-FLS-1651	24,364	-
<u>U.S. Department of Treasury:</u>					
Pass-through State of Florida Division of Emergency Management					
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	Y5151	78,688	-
<u>U.S. Department of Homeland Security:</u>					
Pass-through State of Florida Division of Emergency Management					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	Z0029	214,765	-
Hazard Mitigation Grant	97.039	N/A	H0300	7,203	-
Hazard Mitigation Grant	97.039	N/A	H0461	290,586	-
Hazard Mitigation Grant	97.039	N/A	H0538	310,866	-
Hazard Mitigation Grant	97.039	N/A	H0559	23,382	-
Hazard Mitigation Grant	97.039	N/A	H0710	5,057	-
			97.039 Total	637,094	-
Direct Program					
Port Security Grant Program	97.056	N/A	EMW-2019-PU-00312-S01	35,348	-
Port Security Grant Program	97.056	N/A	EMW-2021-PU-00389-S01	112,500	-
			97.056 Total	147,848	-
Total U.S. Department of Homeland Security				999,707	-
Total Expenditures of Federal Awards				\$ 2,625,950	\$ 446,712

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

City of Key West, Florida
Schedule of Expenditures of Federal Awards
and State Financial Assistance (continued)
For the Year Ended September 30, 2022

Federal or State Grantor/Pass-Through Grantor/Program	Assistance Listing Number	CSFA Number	Grant/ Contract Number	Expenditures	Transfers to Subrecipients
State Financial Assistance:					
<u>Department of Environmental Protection:</u>					
Beach Management Funding Assistance	N/A	37.003	22MO2	\$ 27,311	\$ -
<u>Department of Transportation:</u>					
Seaport Grant Program	N/A	55.005	G1944	8,745	-
Seaport Investment Program	N/A	55.034	G1767	8,318	-
Commuter Assistance Program/Ride Share Grants	N/A	55.007	G1346	44,526	-
Commuter Assistance Program/Ride Share Grants	N/A	55.007	G1Q12	360,236	-
Commuter Assistance Program/Ride Share Grants	N/A	55.007	G2121	174,155	-
			55.007 Total	578,917	-
Public Transit Block Grant Program	N/A	55.010	G1Q24	43,858	-
Public Transit Block Grant Program	N/A	55.010	G2058	767,787	-
			50.010 Total	811,645	-
Public Transit Service Development Program	N/A	55.012	GOZ32	328,610	-
Total Department of Transportation				1,736,235	-
<u>Department of Law Enforcement:</u>					
FIBRS Implementation Assistance Program	N/A	71.043	2020-FBSFA-F2-019	8,009	-
Total Expenditures of State Financial Assistance				\$ 1,771,555	\$ -

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

City of Key West, Florida
Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
September 30, 2022

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the “Schedule”) includes the federal and state grant activity of the City of Key West, Florida (the “City”) for the year ended September 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and Chapter 10.550, *Rules of the Florida Auditor General*. Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

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

Note 4 – Contingency

The grant and contract revenue received is subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor/contract agencies would become a liability of the City. In the opinion of management, all grant and contract expenditures are in compliance with the terms and conditions of the grant agreements and applicable federal/state laws and other applicable regulations.

**City of Key West, Florida
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2022**

SECTION I - SUMMARY AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Programs and State Projects

Internal control over major federal programs and state projects:

Material weakness(es) identified?

_____ yes X no

Significant deficiency(ies) identified?

_____ yes X none reported

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

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.550, *Rules of the Florida Auditor General* ?

_____ yes X no

Identification of major federal program and state project:

<u>CFDA No.</u>	<u>Federal Program</u>
20.509	U.S. Department of Transportation - Formula Grants for Rural Area

<u>CSFA No.</u>	<u>State Project</u>
55.007	Department of Transportation - Commuter Assistance Program/Ride Share Grants
55.010	Department of Transportation - Public Transit Block Grant Program

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

\$ 750,000	Federal programs
\$ 531,467	State projects

Auditee qualified as low-risk auditee?

 X yes _____ no

City of Key West, Florida
Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended September 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

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

None reported.

SECTION IV - PRIOR YEAR AUDIT FINDINGS

None reported.