

BATH HOUSING AUTHORITY

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

BATH HOUSING AUTHORITY

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BATH HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Bath Housing Authority
Bath, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the Bath Housing Authority, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Bath Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bath Housing Authority, as of December 31, 2020, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information presented on pages 38 through 40, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bath Housing Authority's basic financial statements. The supplementary information on pages 41 through 50, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information presented on pages 41 through 50 and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information presented on pages 41 through 50 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 issued our report dated June 7, 2021 on our consideration of the Bath Housing Authority's internal control over financial reporting and 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 Bath Housing 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 Bath Housing Authority's internal control over financial reporting and compliance.

Marcum LLP

Boston, Massachusetts

June 7, 2021

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

The Bath Housing Authority (the Authority) is pleased to present its basic financial statements as of and for the year ended December 31, 2020, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. In addition, GAAP requires the inclusion of this management's discussion and analysis (MD&A) section as required supplementary information.

The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that provide additional information.

As provided for under GAAP, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation and amortization, are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Authority are included in the statement of net position.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended December 31, 2020, with comparative data for the year ended December 31, 2019. Please read this section in conjunction with the Authority's basic financial statements, which immediately follow this section.

HIGHLIGHTS

- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at December 31, 2020 by \$3,629,362 (net position), representing an increase of \$114,479 from the prior year.
- Total revenues decreased by \$25,215 from the prior year, while total expenses increased by \$134,613.
- The Authority's current ratio that measures liquidity increased during the year from 13.69 to 14.43.

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

OVERVIEW OF THE AUTHORITY'S OPERATIONS

The Authority was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. These services are provided through the administration of the following programs:

Federal Programs

- Section 8 Housing Choice Voucher Program
- Mainstream Vouchers
- Low Rent Public Housing Program
- Public Housing Capital Fund Program
- Resident Opportunities and Support Services

State/Local and Other Programs

- Property Management

For additional information on the Authority's programs, see the notes to financial statements.

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

FINANCIAL ANALYSIS

Summary of Net Position

Presented below is the Authority's condensed summary of net position at December 31, 2020 compared to December 31, 2019. The statement of net position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end of year data for assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (assets and deferred outflows of resources, minus liabilities and deferred inflows of resources).

SUMMARY OF NET POSITION December 31, 2020 and 2019

	2020	2019	Change	% Change
Current Assets	\$ 2,164,377	\$ 2,026,385	\$ 137,992	6.81%
Capital Assets	1,012,634	979,270	33,364	3.41%
Other Noncurrent Assets	<u>642,358</u>	<u>688,378</u>	<u>(46,020)</u>	-6.69%
Total Assets	<u>3,819,369</u>	<u>3,694,033</u>	<u>125,336</u>	3.39%
Deferred Outflows of Resources	<u>5,409</u>	<u>2,500</u>	<u>2,909</u>	116.36%
Current Liabilities	149,979	148,019	1,960	1.32%
Noncurrent Liabilities	<u>34,689</u>	<u>31,243</u>	<u>3,446</u>	11.03%
Total Liabilities	<u>184,668</u>	<u>179,262</u>	<u>5,406</u>	3.02%
Deferred Inflows of Resources	<u>10,748</u>	<u>2,388</u>	<u>8,360</u>	350.08%
Investment in capital assets	1,012,634	979,270	33,364	3.41%
Restricted	40,974	66,380	(25,406)	-38.27%
Unrestricted	<u>2,575,754</u>	<u>2,469,233</u>	<u>106,521</u>	4.31%
Total Net Position	<u>\$ 3,629,362</u>	<u>\$ 3,514,883</u>	<u>\$ 114,479</u>	3.26%

Total assets of the Authority at December 31, 2020 and 2019 were \$3,819,369 and \$3,694,033, respectively, a change of 3.39%. The significant components of current assets are cash and receivables. The significant components of noncurrent assets are capital assets and notes receivable. Capital assets include land, buildings and building improvements, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation.

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

Total liabilities of the Authority at December 31, 2020 and 2019 were \$184,668 and \$179,262, respectively, a change of 3.02%. Current liabilities include accounts payable, accrued liabilities and unearned revenue. Noncurrent liabilities are primarily made up of the long-term portion of compensated absences and the OPEB liability.

Deferred inflows and outflows of resources relate to the Authority pension and OPEB liabilities. In 2020, the Authority's pension and OPEB related deferred outflows increased by \$2,909 and deferred inflows increased by \$8,360. These changes are the result of fluctuations in the actuarial valuations of the liabilities and the change in the value of pension assets.

Net position represents the Authority's equity, which is accounted for in three major categories. The first category, investment in capital assets, represents the Authority's equity in land, buildings and building improvements, construction in progress, and equipment. The next net position category is restricted net position; this shows the amounts subject to external restriction. The last category is unrestricted net position; these funds are available to use for any lawful and prudent purpose of the Authority. Unrestricted net position increased by \$106,521, or 4.31%, for the fiscal year.

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

Summary of Revenues, Expenses and Changes in Net Position

Presented below is the condensed summary of revenues, expenses and changes in net position information for fiscal year ended December 31, 2020 compared to the year ended December 31, 2019. The information reflects the results of operations for the Authority and displays the sources of revenue, the nature of expenses for the year and the resulting change in net position. All revenues and expenses are accounted for on an accrual basis. See notes to financial statements.

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the years ended December 31, 2020 and 2019

	2020	2019	Change	% Change
Revenue				
Operating Revenues	\$ 2,520,324	\$ 2,439,698	\$ 80,626	3.30%
Non-operating Revenues	<u>273,152</u>	<u>378,993</u>	<u>(105,841)</u>	-27.93%
Total Revenues	<u>2,793,476</u>	<u>2,818,691</u>	<u>(25,215)</u>	-0.89%
Expenses				
Housing assistance payments	1,042,801	932,505	110,296	11.83%
Administration	654,772	637,026	17,746	2.79%
Repair and maintenance	397,594	490,542	(92,948)	-18.95%
Tenant services	165,715	59,162	106,553	180.10%
Utilities	162,739	178,600	(15,861)	-8.88%
Depreciation expense	117,268	113,000	4,268	3.78%
Other general expenses	85,685	82,096	3,589	4.37%
Insurance expense	<u>52,423</u>	<u>51,453</u>	<u>970</u>	1.89%
Total Expenses	<u>2,678,997</u>	<u>2,544,384</u>	<u>134,613</u>	5.29%
Change in Net Position	114,479	274,307	(159,828)	-58.27%
Net Position - Beginning of Year	<u>3,514,883</u>	<u>3,240,576</u>	<u>274,307</u>	8.46%
Net Position - End of Year	<u>\$ 3,629,362</u>	<u>\$ 3,514,883</u>	<u>\$ 114,479</u>	3.26%

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

Generally, operating revenues are amounts received for providing housing to the Authority's tenants as well as subsidies and grants received from the U.S. Department of Housing and Urban Development (HUD) that provide significant funding for the operations of the Authority's housing programs. Operating expenses are those incurred to operate, maintain, and repair the housing units and to provide supportive services to the tenants of the Authority. Nonoperating revenues are revenues earned for which goods and services are not provided, for example, interest income. Capital grants represent revenues earned for public housing capital repairs.

Significant changes in revenues and expenses from the fiscal year ended December 31, 2019 to December 31, 2020 include the following:

- Operating revenues increased by \$80,626, or 3.30%, due to an increase in grant funding from HUD through the CARES Act. This increase in funding is offset by an increase in tenant services expenses.
- Nonoperating revenues decreased by \$105,841, or 27.93%, due to a decrease in investment income compared to the prior year.
- Housing assistance payments increased by \$110,296, or 11.83%, due to an increase in the number of vouchers leased and overall increasing rents within the City of Bath.
- Repair and maintenance expenses decreased by \$92,948, or 18.95%, due to a decrease in maintenance salaries as one of the maintenance positions being vacant and not filled during 2020.
- Tenant service expenses increased by \$106,553, or 180.10%, due to expenditures relating to the CARES Act. This expenditures were offset by an increase in operating revenues from HUD.

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2020, capital assets, net of accumulated depreciation was \$1,012,634 which includes land, buildings and building improvements, construction in progress, and equipment. The schedule below reflects the changes in capital assets, net of depreciation, from December 31, 2019 to December 31, 2020:

CAPITAL ASSET ANALYSIS December 31, 2020 and 2019

	2020	2019	Change	% Change
Land	\$ 52,542	\$ 52,542	\$ --	0.00%
Buildings	4,490,856	4,433,466	57,390	1.29%
Furniture and equipment	478,468	385,226	93,242	24.20%
Leasehold improvements	21,892	21,892	--	0.00%
Land improvements	<u>523,335</u>	<u>523,335</u>	<u>--</u>	0.00%
Total capital assets	<u>5,567,093</u>	<u>5,416,461</u>	<u>150,632</u>	2.78%
Accumulated depreciation	<u>(4,554,459)</u>	<u>(4,437,191)</u>	<u>(117,268)</u>	2.64%
Capital assets, net of accumulated depreciation	<u>\$ 1,012,634</u>	<u>\$ 979,270</u>	<u>\$ 33,364</u>	3.41%

The majority of the additions were attributable to construction in progress. Additional information on the Authority's capital assets can be found in the notes to financial statements.

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

Long-Term Debt

At December 31, 2020, the Authority had no long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Significant economic factors affecting the Authority's budget in the next year are as follows:

- The Authority is primarily dependent upon HUD for the funding of its federal; therefore, the Authority is affected more by the federal budget than by local economic conditions.
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and, therefore, the amount of rental income
- Inflationary pressure on utility rates, housing costs, supplies and other costs
- Current trends in the housing market
- Local and national property rental markets that determine Housing Assistance Payments
- The economic impacts of COVID-19
- The Authority will be converting its Public Housing units to Section 8 Project based Vouchers through the Rental Assistance Demonstration (RAD) Program.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Debora Keller, Executive Director, Bath Housing Authority, 80 Congress Ave, Bath, Maine 04530.

BATH HOUSING AUTHORITY

STATEMENT OF NET POSITION

DECEMBER 31, 2020

Assets

Current Assets

Cash and cash equivalents	\$	283,337
Restricted cash		83,385
Accounts receivable, net		70,086
Interest receivable		151
Current portion of notes receivable		46,020
Investments		1,653,656
Prepaid expenses and other current assets		27,742

Total Current Assets 2,164,377

Noncurrent Assets

Notes receivable, net of current portion		642,358
Capital assets, non-depreciable		52,542
Capital assets, net of accumulated depreciation		960,092

Total Noncurrent Assets 1,654,992

Total Assets 3,819,369

Deferred Outflows of Resources 5,409

The accompanying notes are an integral part of these financial statements.

BATH HOUSING AUTHORITY

STATEMENT OF NET POSITION (CONTINUED)

DECEMBER 31, 2020

Liabilities

Current Liabilities

Accounts payable	\$	31,463
Accounts payable, other government		25,522
Accrued wages and current portion of compensated absences		46,712
Other current liabilities		459
Unearned revenue		14,021
Tenant security deposits		31,802
Total Current Liabilities		<u>149,979</u>

Noncurrent Liabilities

Accrued compensated absences, net of current portion		14,308
OPEB liability		20,381
Total Noncurrent Liabilities		<u>34,689</u>

Total Liabilities 184,668

Deferred Inflows of Resources 10,748

Net Position

Investment in capital assets		1,012,634
Restricted:		
Housing assistance payments		40,974
Unrestricted		<u>2,575,754</u>

Total Net Position \$ 3,629,362

The accompanying notes are an integral part of these financial statements.

BATH HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2020

Operating Revenues	
HUD grants	\$ 1,626,555
Tenant rental income	421,947
Management fees	417,063
Other revenue	54,759
Total Operating Revenues	<u>2,520,324</u>
Operating Expenses	
Housing assistance payments	1,042,801
Administration	654,772
Repair and maintenance	397,594
Tenant services	165,715
Utilities	162,739
Depreciation expense	117,268
Other general expenses	85,685
Insurance expense	52,423
Total Operating Expenses	<u>2,678,997</u>
Operating Loss	<u>(158,673)</u>
Nonoperating Revenues	
Interest and investment revenue	215,762
Total Nonoperating Revenues	<u>215,762</u>
Income before Capital Grants	<u>57,089</u>
Capital Grants	
HUD capital grants	57,390
Total Capital Grants	<u>57,390</u>
Change in Net Position	114,479
Net Position, Beginning of Year	<u>3,514,883</u>
Net Position, End of Year	<u>\$ 3,629,362</u>

The accompanying notes are an integral part of these financial statements.

BATH HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Flows from Operating Activities

HUD grants	\$ 1,645,452
Receipts from tenants	423,265
Other operating receipts	460,793
Payments to employees	(819,311)
Payments to suppliers	(695,912)
Payments to landlords	(1,042,801)
Net cash used in operating activities	<u>(28,514)</u>

Cash Flows from Capital and Related Financing Activities

HUD capital grants	57,390
Acquisitions of capital assets	(147,132)
Net cash used in capital and related financing activities	<u>(89,742)</u>

Cash Flows from Investing Activities

Interest and dividends received	56,896
Proceeds from the sale of investments	194,370
Purchase of investments	(196,223)
Proceeds from the collection on notes receivable	44,219
Net cash provided by investing activities	<u>99,262</u>

Net decrease in cash, cash equivalents and restricted cash (18,994)

Cash, cash equivalents and restricted cash, beginning of year 385,716

Cash, cash equivalents and restricted cash, end of year \$ 366,722

The accompanying notes are an integral part of these financial statements.

BATH HOUSING AUTHORITY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2020

Reconciliation of operating loss to net cash used in operating activities:

Operating Loss	\$ (158,673)
Adjustments:	
Depreciation	117,268
Non-cash gain on sale of capital assets	(3,500)
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	(1,450)
(Increase) decrease in accounts receivable, other	(6,228)
(Increase) decrease in accounts receivable, HUD	12,145
(Increase) decrease in prepaid expenses and other current assets	1,067
(Decrease) increase in accounts payable	(18,308)
(Decrease) increase in accounts payable, HUD	(3,857)
(Decrease) increase in accounts payable, other government	499
(Decrease) increase in compensated absences and accrued wages	15,683
deferred inflow/outflows of resources	2,791
(Decrease) increase in accrued expenses and other current liabilities	(201)
(Decrease) increase in tenant security deposits	2,457
(Decrease) increase in unearned operating revenue	11,793
Net cash used in operating activities	<u>\$ (28,514)</u>

Cash, cash equivalents and restricted cash per Statement of Net Position:

Cash and cash equivalents	\$ 283,337
Restricted cash - current	<u>83,385</u>

Total cash, cash equivalents and restricted cash per Statement of Net Position \$ 366,722

Supplemental Disclosure of Cash Flow Information:

Change in fair value of investments	<u>\$ 105,073</u>
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The accompanying notes are an integral part of these financial statements.

BATH HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE 1 – ORGANIZATION

The Bath Housing Authority (the Authority) was incorporated under the laws of the State of Maine. The Authority operates under a board of commissioner form of government to provide safe and decent housing to low and moderate-income families and elderly individuals.

The Authority maintains its accounting records by program and operates the following programs:

Federal Programs

Low Rent Public Housing – This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Authority. These units are rented to low income families and low-income elderly, disabled, and special needs individuals. The properties were constructed with grants and or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Authority receives grants from HUD to subsidize operating deficits. Tenants are charged rents based on a percentage of their income.

Public Housing Capital Fund – HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the Low Rent Public Housing Program. A portion of these funds may also be used to support operations and to make improvements in the management and operation of the Authority.

Section 8 Housing Choice Voucher and the Mainstream Voucher – HUD provides grants to the Authority to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Under this program, qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority will subsidize the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard.

Resident Opportunities and Support Services (ROSS) – ROSS links public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient. Grants are received from HUD pursuant to a detailed application submitted by the Authority.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – ORGANIZATION (CONTINUED)

State/Local and Other Programs

Local Program - This program represents the activities of the Authority's programs using non-HUD resources. Such activities include providing management and maintenance services to several housing projects.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

The Authority's financial statements include the accounts of all of the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

Based on the aforementioned criteria, the Authority has no component units.

BASIS OF PRESENTATION AND ACCOUNTING

The Authority is a special-purpose government entity engaged only in business-type activities and, as such, the financial statements are presented as a single enterprise fund utilizing the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows.

The Authority's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB). The Authority follows GASB as applied to governmental entities.

The Authority's primary source of nonexchange revenue relates to grants and subsidies. Grants and subsidies revenue is recognized at the time eligible program expenses occur and/or the Authority has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Grants received in advance of expenses are recorded as a liability until earned.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING STANDARDS ADOPTED

During 2020, the Authority adopted GASB statements No. 84 *Fiduciary Activities*, No. 88 *Certain Disclosures related to debt, including direct borrowings and direct placements*, and No. 90 *Majority Equity Interests – an amendment of GASB Statements No.14 and No.61*. These new accounting standards did not impact the Authority’s financial statements.

USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures. Actual amounts could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Authority considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased.

ACCOUNTS RECEIVABLE

Accounts receivable from tenants are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts receivable. Accounts receivable from tenants are written off with board approval when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Allowances for other non-tenant receivables are reviewed annually. See Note 6 for details of accounts receivable and allowances at year end.

CAPITAL ASSETS

Capital assets include property, furniture, equipment and machinery with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the time of acquisition. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land and Building Improvements	10-20 years
Furniture, Equipment and Machinery	5-10 years

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF CAPITAL ASSETS

Governmental Accounting Standards Board's, Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires certain note disclosures or recognition regarding impairments of capital assets. The Authority did not recognize any impairments of capital assets in fiscal year 2020.

COMPENSATED ABSENCES

All regular full-time and part-time employees who are on active duty or paid leave of absence will accrue earned benefit time (EBT). EBT shall begin to accrue from the date of hire at the rate of 1/26th of the annual entitlement for each pay period worked and may be used once it is accrued. A day shall be equal to regularly scheduled hours per week divided by 5. Employees can earn between 20 and 30 days of EBT, based on years of service. Employees can carry over a maximum of 20 days from one calendar year to the next. Total accrued compensated absences at December 31, 2020 aggregated \$33,799.

OPERATING REVENUES AND EXPENSES

Operating revenue includes operating grants and subsidies, rental income, management services provided and all other revenue relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities. Operating expenses include wages, housing assistance payments, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

NON-OPERATING REVENUES AND EXPENSE

The Authority's nonoperating revenues relate primarily to capital grants provided by HUD and interest/investment income. For reporting purposes, capital grant revenue is recognized when expenditures are incurred, and advance receipts are initially recorded as unearned revenue. Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ECONOMIC DEPENDENCY

The Authority's state and federal programs are economically dependent on grants and annual contributions from HUD. These programs operate at a loss prior to receiving these grants and contributions.

OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined by an actuarial valuation conducted by the Authority and are accounted for in accordance with the requirements of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources are the consumption of net position by the Authority that is applicable to a future reporting period. Deferred inflows of resources are the acquisition of net position by the Authority that is applicable to a future reporting period. These consist of the deferral of the recognition of revenues and expenses until the future period to which the outflows and inflows are related. The Authority's deferred outflows and inflows of resources are related to OPEB.

APPLICATION OF RESOURCES

The Authority would first apply restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE CLASSIFICATION

The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs. The Authority's investments are reported at fair value.

GUARANTEES

To support the development of affordable housing, the Authority has made several loan guarantees for properties owned by the Bath Housing Development Corporation (BHDC). The Authority considered the likelihood that it will be required to make a payment related to a guarantee and has determined that the likelihood is not probable, as a result, the Authority has not recognized a liability for guarantees at December 31, 2020.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 7, 2021, which is the date these financial statements were available to be issued.

In February 2021, the Authority received approval from HUD for the streamlined voluntary conversion of its existing public housing portfolio to the rental assistance demonstration (RAD) program. With the RAD conversion, the public housing properties will be transferred to Bath Housing Development Corporation, with the Authority continuing to serve as management agent.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 – NET POSITION

Net position is reported in three categories:

Investment in Capital Assets consists of all capital assets, reduced by accumulated depreciation, the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Authority had no debt related to its capital assets at December 31, 2020. At December 31, 2020, the investment in capital assets was \$1,012,634.

Restricted Net Position consists of restricted assets, when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc. At December 31, 2020, restrictions of \$40,974 represent the net position restricted by HUD related to the Housing Choice Voucher or Mainstream Program to be used for future HAP payments.

Unrestricted Net Position consists of net position that does not meet the definition of “investment in capital assets” or “restricted net position”. At December 31, 2020, the unrestricted net position was \$2,575,754.

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Custodial Credit Risk – Cash Deposits

At times, the Authority’s balances may exceed the Federal insurance limits; however, the Authority has not experienced any losses with respect to its bank balance in excess of government provided insurance. In addition, balances are fully collateralized through agreements with the financial institutions. Management believes that no significant risk exists with respect to cash balances as of December 31, 2020.

Investments

The Authority has adopted an investment policy for its non-HUD funds with the following objectives: (1.) To preserve and conservatively grow the principal value and income of the Fund in real (inflation adjusted) terms. (2.) To ensure availability of funds to address contingent operating or development needs. (3.) To achieve a competitive relative investment return. (4.) To avoid risks that might reasonably impair the ability to meet Objectives 1, 2 and 3. The Investments will be diversified both by asset class and within asset classes. Within each asset class, securities will be diversified among economic sector, industry, quality and size. The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on total performance.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Credit risk is the credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Authority. The Authority tries to mitigate the risk through diversification.

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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 its investments or collateral securities that are in the possession of an outside party.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Authority has the following recurring fair value measurements as of December 31, 2020:

Investments by fair value level	12/31/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities:				
Communication Services	\$ 44,218	\$ 44,218	\$ --	\$ --
Consumer Discretionary	86,894	86,894	--	--
Consumer Staples	43,968	43,968	--	--
Energy	17,682	17,682	--	--
Financials	92,038	92,038	--	--
Health Care	96,844	96,844	--	--
Industrials	76,321	76,321	--	--
Information Technology	123,170	123,170	--	--
Materials	28,634	28,634	--	--
Real Estate Investment Trusts	13,201	13,201	--	--
Utilities	25,314	25,314	--	--
Total Equity Securities	648,284	648,284	--	--
Mutual Funds:				
Fixed Income	434,466	434,466	--	--
Real Assets	19,760	19,760	--	--
Equity Securities	551,146	551,146	--	--
Total Mutual Funds	1,005,372	1,005,372	--	--
Total Investments by Fair Value Level	\$ 1,653,656	\$ 1,653,656	\$ --	\$ --

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

The following table summarizes interest and investment revenue related to the Authority’s investments for the year ended December 31, 2020:

Interest and Dividends	\$	28,163
Realized Gain on Investments		60,595
Unrealized Gain (loss) on investments		105,073
Account Fees		<u>(7,074)</u>
Total	\$	<u>186,757</u>

NOTE 5 – RESTRICTED CASH

The Authority’s restricted cash balance consists of funds restricted for future HAP payments, proceeds from the CARES Act restricted for COVID-related expenses, as well as funds designated for tenant security deposits. These amounts support either a corresponding liability or restricted net position. At December 31, 2020, restricted cash was categorized as follows:

Category of Restriction	Amount
Housing assistance payments	\$ 40,974
CARES Act funds	10,609
Tenant security deposits	<u>31,802</u>
Total	<u>\$ 83,385</u>

NOTE 6 – ACCOUNTS RECEIVABLE

The following is a listing of receivables for the Authority including the applicable allowances for uncollectible accounts at December 31, 2020.

Category of Receivable	Amount
Miscellaneous	\$ 65,922
Tenants	<u>11,044</u>
Gross Receivables	76,966
Allowance - Tenants	<u>(6,880)</u>
Net Receivables	<u>\$ 70,086</u>

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 – CAPITAL ASSETS

The following is a summary of changes in capital assets and related accumulated depreciation.

	January 1, 2020	Increases	Decreases	December 31, 2020
Capital assets - non-depreciable				
Land	\$ 52,542	\$ --	\$ --	\$ 52,542
Total capital assets - non-depreciable	<u>52,542</u>	<u>--</u>	<u>--</u>	<u>52,542</u>
Capital assets - depreciable				
Buildings	4,433,466	57,390	--	4,490,856
Leasehold improvements	21,892	--	--	21,892
Land Improvements	523,335	--	--	523,335
Furniture & equipment	<u>385,226</u>	<u>93,242</u>	<u>--</u>	<u>478,468</u>
Total capital assets - depreciable	<u>5,363,919</u>	<u>150,632</u>	<u>--</u>	<u>5,514,551</u>
Less accumulated depreciation				
Buildings	3,649,091	82,511	--	3,731,602
Leasehold improvements	3,150	1,459	--	4,609
Land Improvements	474,544	9,472	--	484,016
Furniture & equipment	<u>310,406</u>	<u>23,826</u>	<u>--</u>	<u>334,232</u>
Total accumulated depreciation	<u>4,437,191</u>	<u>117,268</u>	<u>--</u>	<u>4,554,459</u>
Capital Assets Net	<u>\$ 979,270</u>	<u>\$ 33,364</u>	<u>\$ --</u>	<u>\$ 1,012,634</u>
Depreciation expense was charged to:				
Federal Public Housing		<u>\$ 117,268</u>		

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 – NOTES RECEIVABLE

In November 2012, the Authority loaned to Bath Housing Development Corporation, a related party, \$1,000,000 for the purchase of the property known as Seacliff Apartments. This loan is payable in monthly payments of \$6,008 and bears interest at 4% per annum. The loan is secured by a second mortgage on the property and is collateralized by the associated real estate. The mortgage matures in November 2032. At December 31, 2020, the outstanding principal on this loan was \$688,378. During 2020, the Authority earned interest on this loan of \$28,479.

NOTE 9 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended December 31, 2020 is as follows:

	January 1, 2020	Additions	Reductions	December 31, 2020	Amount due within one year
Compensated Absences	\$ 25,322	\$ 56,458	\$ (47,981)	\$ 33,799	\$ 19,491
OPEB Liability	<u>23,041</u>	<u>7,379</u>	<u>(10,039)</u>	<u>20,381</u>	<u>--</u>
Total	<u>\$ 48,363</u>	<u>\$ 63,837</u>	<u>\$ (58,020)</u>	<u>\$ 54,180</u>	<u>\$ 19,491</u>

NOTE 10 – REAL ESTATE TAXES

Property owned by the Authority is exempt from local real estate taxes. The Authority makes a payment in lieu of taxes equal to 10% of rental income charged less utility expenses annually for all of its properties constructed with and funded by HUD. The payment in lieu of taxes for the year ended December 31, 2020 aggregated \$27,062.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

PLAN DESCRIPTION

The Authority's defined benefit OPEB plan provides OPEB for employees who meet specified criteria. The OPEB plan is a single employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75.

The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for postretirement benefits. The retiree must enroll when first eligible and continue coverage without interruption thereafter. Any retiree who does not enroll when first eligible for coverage or who terminates for any reason shall not be eligible for subsequent enrollment.

BENEFITS PROVIDED

Medical/Prescription drug: The non-Medicare retirees are offered the same plans that are available to the active employees, as described in the benefits summaries. Medicare retirees are assumed to be enrolled in Medicare Parts A and B which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage.

Medicare - Medicare benefits will be taken into account for any member or dependent while they are eligible to apply for Medicare. The Fund will determine a family member's benefit allowance, if any, based upon the applicable Medicare statutes and regulations. The Fund does not participate in the Medicare Retiree Drug Subsidy program.

Duration of Coverage – Medical benefits are provided for the life of the retiree and surviving spouses.

Life Insurance - The \$2,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for a \$2,000 life insurance benefit as well.

Dental – Current retirees do not have access to dental benefits. Future new retirees who retire on and after January 1, 2017 will have access to purchase dental coverage at the Plan COBRA rates.

PLAN MEMBERSHIP

At December 31, 2020, there are 7 active employees and no retired employees enrolled in the plan.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

TOTAL OPEB LIABILITY

The Authority’s total OPEB liability of \$20,381 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2020.

ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Cost Method	Individual Entry Age Normal
Municipal Bond Rate	2.74% as of December 31, 2020 based on an earlier measurement date of December 26, 2019 (Source: Bond Buyer 20-Go Index)
Discount Rate	2.74%
Inflation	2.00%
Rate of Mortality	Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, Respectively for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in year 2020.
Rational for Demographic and Economic Assumptions	The actuarial assumptions are the assumptions that were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015.
Healthcare Trend	The Medicare blended rate is expected to increase at a decreasing rate from 7.84% in 2020 to 3.53% in 2040. The Non-Medicare blended rate is expected to increase at a decreasing rate from 8.55% in 2020 to 3.53% in 2040.

BATH HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Withdrawal Rates	Plan participants are expected to withdraw from the plan at a decreasing rate, based on years of service ranging from 25% with 0 years of service to 4% with 7+ years of service.
Retirement Rates	Plan participants are expected to retire at an increasing rate based on age ranging from 5% at age 55 to 100% at age 70.

CHANGES IN THE TOTAL OPEB LIABILITY

Balance at beginning of year	\$	23,041
Changes for the year:		
Service cost		2,695
Interest		1,055
Changes of benefit terms		(419)
Difference between expected and actual experience		(9,620)
Changes of Assumptions		<u>3,629</u>
Net changes		<u>(2,660)</u>
Balance at end of year	\$	<u>20,381</u>

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the Plan's total OPEB liability, calculated using the discount rate of 2.74% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower, or 1 percentage-point higher, than the current rate.

	1% Decrease 1.74%	Current Discount 2.74%	1% Increase 3.74%
Total OPEB liability	\$ <u>24,240</u>	\$ <u>20,381</u>	\$ <u>17,305</u>

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATE

The following table presents the net other postemployment benefit liability, calculated the healthcare trend rate if it was 1 percentage-point lower or 1 percentage-point higher than the current rate.

	1% Decrease	Current Trend	1% Increase
Total OPEB liability	\$ 16,960	\$ 20,381	\$ 24,823

OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2020, the Authority recognized OPEB expenses of \$2,791. The deferred outflows of resources resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. At December 31, 2020, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 527	\$ 8,658
Changes of assumptions	4,882	2,090
Total	\$ 5,409	\$ 10,748

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

Measurement Period Ending January 1,	Deferred Outflows (Inflows of) Resources
2021	\$ (540)
2022	(540)
2023	(540)
2024	(540)
2025	(540)
Thereafter	(2,639)
Total	\$ (5,339)

NOTE 12 – RETIREMENT PLANS

The Authority provides to employees a deferred compensation plan in accordance with IRC §457 and a defined contribution plan in accordance with IRC §401(a). The plan is open to all employees with at least 6 months of service with the Authority. The Authority will match the employee’s contribution dollar for dollar by an amount determined annually by the Board of Commissioners. Employee contributions for 2020 were \$20,544. Employer contributions for 2020 were \$20,280.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 13 – RISK MANAGEMENT

LITIGATION

The Authority is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the risk management program are reviewed and losses are accrued as required in the judgment of management. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits and claims will not have a material adverse effect on the financial position of the Authority.

GRANTS

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

NOTE 14 – ECONOMIC UNCERTAINTIES

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of business across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Authority has been able to continue its operations in this environment, however, at this point, the extent to which COVID-19 may impact the Authority's financial condition or results of operations is uncertain.

NOTE 15 – RELATED PARTY TRANSACTIONS

The Bath Housing Development Corporation (BHDC) is considered a related party as the Authority can appoint a minority of the directors to BHDC's Board. BHDC is fiscally independent of the Authority and is not a component unit.

The Authority acts as the management agent for properties owned by the Bath Housing Development Corporation (BHDC). The Authority receives a management fee from each of these entities for its services. The Authority is reimbursed administrative and maintenance services performed. The Authority charged \$140,898 of management fees and was reimbursed \$276,165 for administrative and maintenance services for the year ended December 31, 2020.

At December 31, 2020, the Authority was owed \$64,897 for services provided to BHDC. For the year ended December 31, 2020, the Authority made housing assistance payments on behalf of residents living in properties owned by BHDC of \$119,554.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 16 – LEASES

The Authority entered into a lease agreement for office space with BHDC starting in 2017. The initial lease term was for a three year period ending on December 31, 2020 and automatically renews for two successive terms of three years provided the Authority is not in default. The annual rent for the term of the lease is \$28,800 payable in monthly payments of \$2,400. Rent expense incurred in 2020 was \$28,800. Estimated future minimum rental payments as of December 31, 2020 are as follows:

Year	Minimum rental payment
2021	\$ 28,800
2022	28,800
2023	28,800
Total	\$ 86,400

NOTE 17 – GUARANTEES

BHA has guaranteed several loans between BHDC and MaineHousing. MaineHousing is precluded from exercising any remedies against any property or accounts that are pledged or have regulatory restrictions placed upon them by the City of Bath, the Department of Housing and Urban Development or any other state or federal government. The following table summarizes the loan balances that have been guaranteed by the Authority.

	Loan Balance
806 Middle Street	115,014
49 Elm Street	74,313
28 Maple Street	143,925
470 Washington Street	163,023
Lincoln Street	296,327
Summer Street	500,000
Line of Credit	533,130
Total	\$ 1,825,732

BATH HOUSING AUTHORITY

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST THREE FISCAL YEARS

Year	Total OPEB Liability - Beginning	Service cost	Interest	Changes of benefit terms	Difference between expected and actual experience	Changes of Assumptions	Benefit payments	Net Change in Total OPEB Liability	Total OPEB Liability - Ending
2020	\$ 23,041	\$ 2,695	\$ 1,055	\$ (419)	\$ (9,620)	\$ 3,629	\$ --	\$ (2,660)	\$ 20,381
2019	\$ 21,889	\$ 2,982	\$ 856	\$ --	\$ --	\$ (2,686)	\$ --	\$ 1,152	\$ 23,041
2018	\$ 15,344	\$ 2,651	\$ 680	\$ --	\$ 791	\$ 2,423	\$ --	\$ 6,545	\$ 21,889

Year	Covered Payroll	OPEB Liability as a Percentage of Covered Payroll
2020	\$ 337,019	6.05%
2019	\$ 271,914	8.47%
2018	\$ 271,914	8.05%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

BATH HOUSING AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

NOTE 1 – OTHER POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS

DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Changes in the Total OPEB Liability and Related Ratios details the Plan's other postemployment benefit liability and the covered employee payroll. It demonstrates the Plan's total liability and the Plan's liability as a percentage of covered payroll.

10-YEAR TREND INFORMATION

The Schedule of Changes in the Total OPEB Liability and Related Ratios is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

CHANGES IN BENEFIT TERMS

The following changes are effective January 1, 2020:

- The carryover provision (of claims incurred in the prior calendar year quarter) were eliminated beginning January 1, 2020. The accumulation of the deductible will relate to claims incurred during the current calendar year. This benefit was already reflected as it was initially scheduled to take effect January 1, 2019.
- Increase the overall out-of-pocket maximum as follows:
 - For all the POS plans from \$6,350 single/\$12,700 family to \$6,500 single/\$13,000 family be increasing the copay "bucket" from each plan by \$150 single/ \$300 family.
 - For all the PPO plans from \$6,350 single/\$12,700 family to \$7,500 single/\$15,000 family be increasing the copay "bucket" from each plan by \$1,150 single/ \$2,300 family.
- The copay for services received at an urgent care facility will decrease to match the copay for services received at an Anthem In-Network Walk-In Center (urgent care services previously paid were subject to the emergency room copay). Services received from an urgent care facility not on the Anthem In-Network list will be subject to the deductible or coinsurance after the copay; mirroring the OU-of-network coverage for the walk-in-clinics.
- Coverage for hearing aids will be extended to all active and retired members age 19 and older, and will be subject to a maximum of \$3,000 per hearing impaired ear, once every 36 months

BATH HOUSING AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

NOTE 1 – OTHER POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (CONTINUED)

CHANGES IN ASSUMPTIONS

Effective in the January 1, 2020 measurement report:

- The discount rate decreased from 4.10% to 2.74%
- The medical and prescription drug trends were updated
- The repeal of the “Cadillac tax” was reflected in this valuation by removing the previously planned excise tax

BATH HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2020

FDS Line Item	Description	AMP 01	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Mainstream Vouchers	HCV CARES Act Funding
111	Cash - Unrestricted	30,016	-	-	1,322	-
113	Cash - Other Restricted	-	-	33,081	7,893	7,750
114	Cash - Tenant Security Deposits	31,802	-	-	-	-
100	Total Cash	61,818	-	33,081	9,215	7,750
125	Accounts Receivable - Miscellaneous	11,720	-	-	-	-
126	Accounts Receivable - Tenants	11,044	-	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	(6,880)	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	15,884	-	-	-	-
131	Investments - Unrestricted	-	-	-	-	-
142	Prepaid Expenses and Other Assets	124	-	-	-	-
143	Inventories	27,618	-	-	-	-
150	Total Current Assets	105,444	-	33,081	9,215	7,750
161	Land	575,877	-	-	-	-
162	Buildings	4,490,856	-	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	144,019	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	334,449	-	-	-	-
165	Leasehold Improvements	21,892	-	-	-	-
166	Accumulated Depreciation	(4,554,459)	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	1,012,634	-	-	-	-
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-
180	Total Non-Current Assets	1,012,634	-	-	-	-
200	Deferred Outflow of Resources	2,125	-	514	-	-
290	Total Assets and Deferred Outflow of Resources	1,120,203	-	33,595	9,215	7,750
312	Accounts Payable <= 90 Days	21,121	-	48	-	-
321	Accrued Wage/Payroll Taxes Payable	11,247	-	3,525	-	-
322	Accrued Compensated Absences - Current Portion	8,821	-	3,543	-	-

See Independent Auditors' Report

BATH HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2020

FDS Line Item	Description	AMP 01	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Mainstream Vouchers	HCV CARES Act Funding
325	Accrued Interest Payable	129	-	-	-	-
333	Accounts Payable - Other Government	25,522	-	-	-	-
341	Tenant Security Deposits	31,802	-	-	-	-
342	Unearned Revenue	3,412	-	-	-	7,750
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	21,391	-	-	-	-
345	Other Current Liabilities	459	-	-	-	-
310	Total Current Liabilities	123,904	-	7,116	-	7,750
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	61,667	-	-	-	-
354	Accrued Compensated Absences - Non Current	6,476	-	2,600	-	-
357	Accrued Pension and OPEB Liabilities	8,434	-	1,658	-	-
350	Total Non-Current Liabilities	76,577	-	4,258	-	-
300	Total Liabilities	200,481	-	11,374	-	7,750
400	Deferred Inflow of Resources	4,644	-	1,252	-	-
508.4	Net Investment in Capital Assets	929,576	-	-	-	-
511.4	Restricted Net Position	-	-	33,081	7,893	-
512.4	Unrestricted Net Position	(14,498)	-	(12,112)	1,322	-
513	Total Equity - Net Assets / Position	915,078	-	20,969	9,215	-
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	1,120,203	-	33,595	9,215	7,750
70300	Net Tenant Rental Revenue	417,458	-	-	-	-
70400	Tenant Revenue - Other	4,489	-	-	-	-
70500	Total Tenant Revenue	421,947	-	-	-	-
70600	HUD PHA Operating Grants	367,548	54,351	1,089,095	50,263	38,451
70610	Capital Grants	57,390	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
71100	Investment Income - Unrestricted	118	-	136	-	-
71200	Mortgage Interest Income	-	-	-	-	-
71400	Fraud Recovery	-	-	1,301	-	-
71500	Other Revenue	54,837	-	3,453	-	-

See Independent Auditors' Report

BATH HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2020

FDS Line Item	Description	AMP 01	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Mainstream Vouchers	HCV CARES Act Funding
71600	Gain or Loss on Sale of Capital Assets	3,500	-	-	-	-
70000	Total Revenue	905,340	54,351	1,093,985	50,263	38,451
91100	Administrative Salaries	147,499	-	68,852	12,080	-
91200	Auditing Fees	10,347	-	279	32	-
91500	Employee Benefit contributions - Administrative	45,406	-	12,792	1,413	-
91600	Office Expenses	80,714	-	4,055	2,011	-
91700	Legal Expense	3,256	-	-	-	-
91800	Travel	2,498	-	3	-	-
91900	Other	42,002	249	3,395	388	-
91000	Total Operating - Administrative	331,722	249	89,376	15,924	-
92100	Tenant Services - Salaries	-	40,579	-	-	-
92300	Employee Benefit Contributions - Tenant Services	5,287	5,192	-	-	-
92400	Tenant Services - Other	-	-	-	-	38,451
92500	Total Tenant Services	5,287	45,771	-	-	38,451
93100	Water	12,401	-	-	-	-
93200	Electricity	98,011	-	-	-	-
93400	Fuel	32,335	-	-	-	-
93600	Sewer	19,992	-	-	-	-
93000	Total Utilities	162,739	-	-	-	-
94100	Ordinary Maintenance and Operations - Labor	93,390	-	-	-	-
94200	Ordinary Maintenance and Operations - Materials and Other	69,461	-	-	-	-
94300	Ordinary Maintenance and Operations Contracts	73,518	-	10,648	1,216	-
94500	Employee Benefit Contributions - Ordinary Maintenance	23,440	-	-	-	-
94000	Total Maintenance	259,809	-	10,648	1,216	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	35,116	-	-	-	-
96120	Liability Insurance	3,341	-	77	-	-
96130	Workmen's Compensation	4,866	-	146	23	-
96140	All Other Insurance	2,627	-	-	-	-
96100	Total insurance Premiums	45,950	-	223	23	-

See Independent Auditors' Report

BATH HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2020

FDS Line Item	Description	AMP 01	Resident Opportunity and Supportive Services	Housing Choice Vouchers	Mainstream Vouchers	HCV CARES Act Funding
96210	Compensated Absences	23,938	-	11,924	-	-
96300	Payments in Lieu of Taxes	27,062	-	-	-	-
96400	Bad debt - Tenant Rents	2,174	-	-	-	-
96000	Total Other General Expenses	53,174	-	11,924	-	-
96710	Interest of Mortgage (or Bonds) Payable	1,246	-	-	-	-
96700	Total Interest Expense and Amortization Cost	1,246	-	-	-	-
96900	Total Operating Expenses	859,927	46,020	112,171	17,163	38,451
97000	Excess of Operating Revenue over Operating Expenses	45,413	8,331	981,814	33,100	-
97300	Housing Assistance Payments	-	-	953,123	89,678	-
97350	HAP Portability-In	-	-	3,233	-	-
97400	Depreciation Expense	117,268	-	-	-	-
90000	Total Expenses	977,195	46,020	1,068,527	106,841	38,451
10010	Operating Transfer In	201,429	-	11,411	-	-
10020	Operating transfer Out	(193,098)	(8,331)	-	-	-
10100	Total Other financing Sources (Uses)	8,331	(8,331)	11,411	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(63,524)	-	36,869	(56,578)	-
11020	Required Annual Debt Principal Payments	21,391	-	-	-	-
11030	Beginning Equity	978,602	-	(15,900)	65,793	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-
11170	Administrative Fee Equity	-	-	(12,112)	-	-
11180	Housing Assistance Payments Equity	-	-	33,081	-	-
11190	Unit Months Available	1,164	-	1,608	264	-
11210	Number of Unit Months Leased	1,122	-	1,497	165	-
11620	Building Purchases	57,390	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	93,242	-	-	-	-

See Independent Auditors' Report

BATH HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2020

FDS Line Item	Description	Mainstream CARES Act Funding	Public Housing CARES Act Funding	State/Local	Eliminations	Total
111	Cash - Unrestricted	-	-	251,999	-	283,337
113	Cash - Other Restricted	2,859	-	-	-	51,583
114	Cash - Tenant Security Deposits	-	-	-	-	31,802
100	Total Cash	2,859	-	251,999	-	366,722
125	Accounts Receivable - Miscellaneous	-	-	54,202	-	65,922
126	Accounts Receivable - Tenants	-	-	-	-	11,044
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	-	(6,880)
127	Notes, Loans, & Mortgages Receivable - Current	-	-	67,411	(21,391)	46,020
129	Accrued Interest Receivable	-	-	280	(129)	151
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	-	121,893	(21,520)	116,257
131	Investments - Unrestricted	-	-	1,653,656	-	1,653,656
142	Prepaid Expenses and Other Assets	-	-	-	-	124
143	Inventories	-	-	-	-	27,618
150	Total Current Assets	2,859	-	2,027,548	(21,520)	2,164,377
161	Land	-	-	-	-	575,877
162	Buildings	-	-	-	-	4,490,856
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	144,019
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	334,449
165	Leasehold Improvements	-	-	-	-	21,892
166	Accumulated Depreciation	-	-	-	-	(4,554,459)
160	Total Capital Assets, Net of Accumulated Depreciation	-	-	-	-	1,012,634
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	704,025	(61,667)	642,358
180	Total Non-Current Assets	-	-	704,025	(61,667)	1,654,992
200	Deferred Outflow of Resources	-	-	2,770	-	5,409
290	Total Assets and Deferred Outflow of Resources	2,859	-	2,734,343	(83,187)	3,824,778
312	Accounts Payable <= 90 Days	-	-	10,294	-	31,463
321	Accrued Wage/Payroll Taxes Payable	-	-	12,449	-	27,221
322	Accrued Compensated Absences - Current Portion	-	-	7,127	-	19,491

See Independent Auditors' Report

BATH HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2020

FDS Line Item	Description	Mainstream CARES Act Funding	Public Housing CARES Act Funding	State/Local	Eliminations	Total
325	Accrued Interest Payable	-	-	-	(129)	-
333	Accounts Payable - Other Government	-	-	-	-	25,522
341	Tenant Security Deposits	-	-	-	-	31,802
342	Unearned Revenue	2,859	-	-	-	14,021
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	(21,391)	-
345	Other Current Liabilities	-	-	-	-	459
310	Total Current Liabilities	2,859	-	29,870	(21,520)	149,979
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	(61,667)	-
354	Accrued Compensated Absences - Non Current	-	-	5,232	-	14,308
357	Accrued Pension and OPEB Liabilities	-	-	10,289	-	20,381
350	Total Non-Current Liabilities	-	-	15,521	(61,667)	34,689
300	Total Liabilities	2,859	-	45,391	(83,187)	184,668
400	Deferred Inflow of Resources	-	-	4,852	-	10,748
508.4	Net Investment in Capital Assets	-	-	-	83,058	1,012,634
511.4	Restricted Net Position	-	-	-	-	40,974
512.4	Unrestricted Net Position	-	-	2,684,100	(83,058)	2,575,754
513	Total Equity - Net Assets / Position	-	-	2,684,100	-	3,629,362
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	2,859	-	2,734,343	(83,187)	3,824,778
70300	Net Tenant Rental Revenue	-	-	-	-	417,458
70400	Tenant Revenue - Other	-	-	-	-	4,489
70500	Total Tenant Revenue	-	-	-	-	421,947
70600	HUD PHA Operating Grants	-	26,847	-	-	1,626,555
70610	Capital Grants	-	-	-	-	57,390
70700	Total Fee Revenue	-	-	-	-	-
71100	Investment Income - Unrestricted	-	-	187,029	-	187,283
71200	Mortgage Interest Income	-	-	29,725	(1,246)	28,479
71400	Fraud Recovery	-	-	-	-	1,301
71500	Other Revenue	-	-	430,984	(19,020)	470,254

See Independent Auditors' Report

BATH HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2020

FDS Line Item	Description	Mainstream CARES Act Funding	Public Housing CARES Act Funding	State/Local	Eliminations	Total
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	3,500
70000	Total Revenue	-	26,847	647,738	(20,266)	2,796,709
91100	Administrative Salaries	-	-	129,951	-	358,382
91200	Auditing Fees	-	-	4,842	-	15,500
91500	Employee Benefit contributions - Administrative	-	-	25,560	-	85,171
91600	Office Expenses	-	-	59,347	(19,020)	127,107
91700	Legal Expense	-	-	-	-	3,256
91800	Travel	-	-	43	-	2,544
91900	Other	-	-	16,778	-	62,812
91000	Total Operating - Administrative	-	-	236,521	(19,020)	654,772
92100	Tenant Services - Salaries	-	-	32,516	-	73,095
92300	Employee Benefit Contributions - Tenant Services	-	-	11,458	-	21,937
92400	Tenant Services - Other	-	26,847	5,385	-	70,683
92500	Total Tenant Services	-	26,847	49,359	-	165,715
93100	Water	-	-	-	-	12,401
93200	Electricity	-	-	-	-	98,011
93400	Fuel	-	-	-	-	32,335
93600	Sewer	-	-	-	-	19,992
93000	Total Utilities	-	-	-	-	162,739
94100	Ordinary Maintenance and Operations - Labor	-	-	85,186	-	178,576
94200	Ordinary Maintenance and Operations - Materials and Other	-	-	-	-	69,461
94300	Ordinary Maintenance and Operations Contracts	-	-	-	-	85,382
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	40,735	-	64,175
94000	Total Maintenance	-	-	125,921	-	397,594
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	-	-	-	-	35,116
96120	Liability Insurance	-	-	3,950	-	7,368
96130	Workmen's Compensation	-	-	2,277	-	7,312
96140	All Other Insurance	-	-	-	-	2,627
96100	Total insurance Premiums	-	-	6,227	-	52,423

See Independent Auditors' Report

BATH HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2020

FDS Line Item	Description	Mainstream CARES Act Funding	Public Housing CARES Act Funding	State/Local	Eliminations	Total
96210	Compensated Absences	-	-	20,587	-	56,449
96300	Payments in Lieu of Taxes	-	-	-	-	27,062
96400	Bad debt - Tenant Rents	-	-	-	-	2,174
96000	Total Other General Expenses	-	-	20,587	-	85,685
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	(1,246)	-
96700	Total Interest Expense and Amortization Cost	-	-	-	(1,246)	-
96900	Total Operating Expenses	-	26,847	438,615	(20,266)	1,518,928
97000	Excess of Operating Revenue over Operating Expenses	-	-	209,123	-	1,277,781
97300	Housing Assistance Payments	-	-	-	-	1,042,801
97350	HAP Portability-In	-	-	-	-	3,233
97400	Depreciation Expense	-	-	-	-	117,268
90000	Total Expenses	-	26,847	438,615	(20,266)	2,682,230
10010	Operating Transfer In	-	-	-	(212,840)	-
10020	Operating transfer Out	-	-	(11,411)	212,840	-
10100	Total Other financing Sources (Uses)	-	-	(11,411)	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	-	197,712	-	114,479
11020	Required Annual Debt Principal Payments	-	-	-	-	21,391
11030	Beginning Equity	-	-	2,486,388	-	3,514,883
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	(12,112)
11180	Housing Assistance Payments Equity	-	-	-	-	33,081
11190	Unit Months Available	-	-	-	-	3,036
11210	Number of Unit Months Leased	-	-	-	-	2,784
11620	Building Purchases	-	-	-	-	57,390
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	93,242

See Independent Auditors' Report

BATH HOUSING AUTHORITY

STATEMENT OF ACTUAL MODERNIZATION COSTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Project:	ME01P019501-19	ME01P019501-20
Modernization Funds Approved	\$ 214,679	\$ 234,042
Modernization Funds Expended	<u>214,679</u>	<u>234,042</u>
Excess of Modernization Funds Approved	<u>\$ --</u>	<u>\$ --</u>
Modernization Funds Advanced	\$ 214,679	\$ 234,042
Modernization Funds Expended	<u>214,679</u>	<u>234,042</u>
Excess of Modernization Funds Advanced	<u>\$ --</u>	<u>\$ --</u>

Based on our review of the completed projects:

- 1) All work in connection with the projects is complete.
- 2) All liabilities have been incurred and discharged through payment.

See Independent Auditors' Report

BATH HOUSING AUTHORITY

STATEMENT OF ACTUAL GRANT COSTS - UNCOMPLETED

FOR THE YEAR ENDED DECEMBER 31, 2020

Grant:	ROSS171048
Grant Funds Approved	\$ 211,679
Grant Funds Expended	<u>167,965</u>
Excess of Grant Funds Approved	<u>\$ 43,714</u>
Grant Funds Advanced	\$ 167,965
Grant Funds Expended	<u>167,965</u>
Excess of Grant Funds Advanced	<u>\$ --</u>

See Independent Auditors' Report

BATH HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Sub-recipients	Total Federal Expenditures
Department of Housing & Urban Development (HUD)				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	--	\$ --	\$ 1,065,294
Section 8 Housing Choice Vouchers - CARES Act	14.871	--	--	38,451
Total Section 8 Housing Choice Vouchers			--	1,103,745
Mainstream Vouchers	14.879	--	--	50,263
Total Housing Voucher Cluster			--	1,154,008
Public and Indian Housing	14.850	--	--	174,450
Public and Indian Housing - CARES Act	14.850	--	--	26,847
Total Public and Indian Housing			--	201,297
Public Housing Capital Fund (CFP)	14.872	--	--	250,488
Resident Opportunity and Support Services	14.870	--	--	54,351
Total Department of Housing & Urban Development			--	1,660,144
Total Expenditures of Federal Awards			\$ --	\$ 1,660,144

See Notes to the Schedule of Expenditures of Federal Awards

BATH HOUSING AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Bath Housing Authority, under programs of the federal government for the year ended December 31, 2020. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Bath Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of Bath Housing Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, 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. For performance-based awards, expenditures reported represent amounts earned.

NOTE 3 – INDIRECT COST RATE

The Bath Housing Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**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***

To The Board of Commissioners
Bath Housing Authority
Bath, Maine

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Bath Housing Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Bath Housing Authority's basic financial statements, and have issued our report thereon dated June 7, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bath Housing Authority's financial statements are free of 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.

Marcum LLP

Boston, Massachusetts
June 7, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To The Board of Commissioners
Bath Housing Authority
Bath, Maine

Report on Compliance for Each Major Federal Program

We have audited the Bath Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Bath Housing Authority's major federal program for the year ended December 31, 2020. The Bath Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Bath Housing Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Bath Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Bath Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Bath Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Bath Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Bath Housing Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Marcum LLP

Boston, Massachusetts
June 7, 2021

BATH HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No prior audit findings.

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES**

To The Board of Commissioners
Bath Housing Authority
Bath, Maine

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Bath Housing Authority (the Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents included within the audit reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of the Authority and REAC. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the chart below under the "UFRS Rule Information" column with the corresponding printed documents listed in the chart under the "Hard Copy Documents" column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

<u>PROCEDURE</u>	<u>UFRS RULE INFORMATION</u>	<u>HARD COPY DOCUMENTS</u>	<u>FINDINGS</u>
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned costs	Agrees
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Agrees

<u>PROCEDURE</u>	<u>UFRS RULE INFORMATION</u>	<u>HARD COPY DOCUMENTS</u>	<u>FINDINGS</u>
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	Agrees
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the "UFRS Rule Information" column in the agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)*, by the Authority as of and for the year ended December 31, 2020 and have issued our reports thereon dated June 7, 2021. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Authority's supplementary information dated June 7, 2021, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by the OMB Uniform Guidance, which includes the auditors' reports, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This purpose of this report on applying the agreed-upon procedures is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Boston, Massachusetts
June 7, 2021