

**BATH HOUSING AUTHORITY**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

# 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

### *Opinion*

We have audited the accompanying financial statements of the business-type activities of the Bath Housing Authority, as of and for the year ended December 31, 2021, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Bath Housing Authority, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information presented on pages 40 through 41, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bath Housing Authority's basic financial statements. The supplementary information on pages 42 through 49, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 42 through 49, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, are 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 3, 2022 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

*Marcum LLP*

Providence, Rhode Island  
June 3, 2022

# BATH HOUSING AUTHORITY

## MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

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### 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, 2021, 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, 2021, with comparative data for the year ended December 31, 2020. 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, 2021 by \$3,024,036 (net position), representing a decrease of \$605,326 from the prior year.
- Total revenues increased by \$565,481 from the prior year, while total expenses increased by \$364,301.
- The Authority's current ratio that measures liquidity increased during the year from 14.43 to 31.27.
- The Authority completed the streamlined voluntary conversion of its Public Housing units to Section 8 Housing Choice Voucher assistance. As part of the conversion, the Authority transferred ownership of the former Public Housing properties to the Bath Housing Development Corporation. The Authority retained ownership of the land and entered into a ground lease for the land with Bath Housing Development Corporation for a term of 98 years



# BATH HOUSING AUTHORITY

## MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

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### 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

#### 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, 2021

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### FINANCIAL ANALYSIS

#### Summary of Net Position

Presented below is the Authority's condensed summary of net position at December 31, 2021 compared to December 31, 2020. 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, 2021 and 2020

	2021	2020	Change	% Change
Current Assets	\$ 2,377,768	\$ 2,164,377	\$ 213,391	9.86%
Capital Assets	167,038	1,012,634	(845,596)	-83.50%
Other Noncurrent Assets	<u>594,463</u>	<u>642,358</u>	<u>(47,895)</u>	-7.46%
Total Assets	<u>3,139,269</u>	<u>3,819,369</u>	<u>(680,100)</u>	-17.81%
Deferred Outflows of Resources	<u>6,277</u>	<u>5,409</u>	<u>868</u>	16.05%
Current Liabilities	76,052	149,979	(73,927)	-49.29%
Noncurrent Liabilities	<u>35,970</u>	<u>34,689</u>	<u>1,281</u>	3.69%
Total Liabilities	<u>112,022</u>	<u>184,668</u>	<u>(72,646)</u>	-39.34%
Deferred Inflows of Resources	<u>9,488</u>	<u>10,748</u>	<u>(1,260)</u>	-11.72%
Investment in capital assets	167,038	1,012,634	(845,596)	-83.50%
Restricted	81,046	40,974	40,072	97.80%
Unrestricted	<u>2,775,952</u>	<u>2,575,754</u>	<u>200,198</u>	7.77%
Total Net Position	<u>\$ 3,024,036</u>	<u>\$ 3,629,362</u>	<u>\$ (605,326)</u>	-16.68%

Total assets of the Authority at December 31, 2021 and 2020 were \$3,139,269 and \$3,819,369, respectively, a change of 17.81%. The significant components of current assets are cash, investments, 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, 2021**

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Total liabilities of the Authority at December 31, 2021 and 2020 were \$112,022 and \$184,668, respectively, a change of 39.34%. Current liabilities include accounts payable, accrued liabilities and unearned revenue. Noncurrent liabilities are primarily made up of the OPEB liability.

Deferred inflows and outflows of resources relate to the Authority's OPEB liability. In 2021, the Authority's pension and OPEB related deferred outflows increased by \$868 and deferred inflows decreased by \$1,260. 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 \$200,198, or 7.77%, for the fiscal year.

# BATH HOUSING AUTHORITY

## MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

### 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, 2021 compared to the year ended December 31, 2020. 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, 2021 and 2020

	2021	2020	Change	% Change
Revenue				
Operating Revenues	\$ 3,092,819	\$ 2,520,324	\$ 572,495	22.72%
Non-operating Revenues	266,138	273,152	(7,014)	-2.57%
Total Revenues	<u>3,358,957</u>	<u>2,793,476</u>	<u>565,481</u>	20.24%
Expenses				
Housing assistance payments	1,394,395	1,042,801	351,594	33.72%
Administration	734,821	654,772	80,049	12.23%
Repair and maintenance	428,782	397,594	31,188	7.84%
Tenant services	159,362	165,715	(6,353)	-3.83%
Other general expenses	97,866	85,685	12,181	14.22%
Utilities	93,719	162,739	(69,020)	-42.41%
Depreciation expense	87,431	117,268	(29,837)	-25.44%
Insurance expense	46,922	52,423	(5,501)	-10.49%
Total Expenses	<u>3,043,298</u>	<u>2,678,997</u>	<u>364,301</u>	13.60%
Special Items	<u>(920,985)</u>	<u>--</u>	<u>(920,985)</u>	-100%
Change in Net Position	(605,326)	114,479	(719,805)	-628.77%
Net Position - Beginning of Year	<u>3,629,362</u>	<u>3,514,883</u>	<u>114,479</u>	3.26%
Net Position - End of Year	<u>\$ 3,024,036</u>	<u>\$ 3,629,362</u>	<u>\$ (605,326)</u>	-16.68%

# BATH HOUSING AUTHORITY

## MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

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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, 2020 to December 31, 2021 include the following:

- Operating revenues increased by \$572,495, or 22.72%, due to an increase in funding for the Housing Choice Voucher Program as the Authority began leasing 97 additional vouchers in August as part of the Streamlined voluntary conversion. This was partially offset by a decrease in tenant rental revenue. In addition, there was an increase in management and maintenance fee income as the Authority was managing additional properties owned by Bath Housing Development Corporation.
- Nonoperating revenues decreased by \$7,014, or 2.57%. Non-operating revenues are comprised of the investment income.
- Housing assistance payments increased by \$351,594, or 33.72%, as a result of the streamlined voluntary conversion. The Authority received 97 tenant protection vouchers for the residents living in the former public housing properties.
- Repair and maintenance expenses increased by \$31,188, or 7.84%, due to an increase in maintenance contract costs to spend down public housing reserves in anticipation of the streamlined voluntary conversion. In addition, there were increases in employee salaries and benefits.
- Administrative expenses increased by \$80,049, or 12.23%, due to an increase in legal costs associated with the streamlined voluntary conversion as well as increases in employee salaries and benefits.
- Utilities decreased by \$69,020, or 42.41%, due to the disposal of the Authority's public housing properties effective on August 1, 2021.
- Depreciation expense decreased by \$29,837, or 25.44%, due to the disposal of the Authority's public housing properties effective on August 1, 2021.
- The Special Item of \$920,985 consists of the loss related to the streamlined voluntary conversion (refer to Note 18 for additional information).

# BATH HOUSING AUTHORITY

## MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

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### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At December 31, 2021, capital assets, net of accumulated depreciation was \$167,038 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, 2020 to December 31, 2021:

#### CAPITAL ASSET ANALYSIS December 31, 2021 and 2020

	2021	2020	Change	% Change
Land	\$ 52,541	\$ 52,541	\$ --	0.00%
Buildings	--	4,490,856	(4,490,856)	-100.00%
Furniture and equipment	240,225	478,468	(238,243)	-49.79%
Leasehold improvements	38,925	21,892	17,033	77.80%
Land Improvements	<u>--</u>	<u>523,336</u>	<u>(523,336)</u>	-100.00%
Total capital assets	<u>331,691</u>	<u>5,567,093</u>	<u>(5,235,402)</u>	-94.04%
Accumulated depreciation	<u>(164,653)</u>	<u>(4,554,459)</u>	<u>4,389,806</u>	-96.38%
Capital assets, net of accumulated depreciation	<u>\$ 167,038</u>	<u>\$ 1,012,634</u>	<u>\$ (845,596)</u>	-83.50%

The decrease in capital assets related to the disposal of the federal public housing properties in August 2021 as part of the streamlined voluntary conversion. 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, 2021**

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### **Long-Term Debt**

At December 31, 2021, 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 conversion of the public housing units to Section 8 Project based vouchers through the streamlined voluntary conversion in August 2021.
- The economic impacts of COVID-19

### **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, 2021

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### Assets

#### Current Assets

Cash and cash equivalents	\$	206,387
Restricted cash		81,046
Accounts receivable		137,112
Interest receivable		141
Current portion of notes receivable		47,895
Investments		1,893,872
Prepaid expenses and other current assets		11,315

**Total Current Assets** 2,377,768

#### Noncurrent Assets

Notes receivable, net of current portion		594,463
Capital assets, non-depreciable		52,541
Capital assets, net of accumulated depreciation		114,497

**Total Noncurrent Assets** 761,501

**Total Assets** 3,139,269

**Deferred Outflows of Resources** 6,277

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



# BATH HOUSING AUTHORITY

## STATEMENT OF NET POSITION (CONTINUED)

DECEMBER 31, 2021

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### Liabilities

#### Current Liabilities

Accounts payable	\$ 6,158
Accrued wages and current portion of compensated absences	69,894
<b>Total Current Liabilities</b>	<u>76,052</u>

#### Noncurrent Liabilities

Accrued compensated absences, net of current portion	9,687
OPEB liability	26,283
<b>Total Noncurrent Liabilities</b>	<u>35,970</u>

<b>Total Liabilities</b>	<u>112,022</u>
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<b>Deferred Inflows of Resources</b>	<u>9,488</u>
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### Net Position

Investment in capital assets	167,038
Restricted:	
Housing assistance payments	81,046
Unrestricted	<u>2,775,952</u>

<b>Total Net Position</b>	<u>\$ 3,024,036</u>
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*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, 2021

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<b>Operating Revenues</b>	
HUD grants	\$ 2,108,673
Management fees	685,894
Tenant rental income	250,448
Other revenue	40,559
Other government grants	7,245
<b>Total Operating Revenues</b>	<u>3,092,819</u>
<b>Operating Expenses</b>	
Housing assistance payments	1,394,395
Administration	734,821
Repair and maintenance	428,782
Tenant services	159,362
Other general expenses	97,866
Utilities	93,719
Depreciation expense	87,431
Insurance expense	46,922
<b>Total Operating Expenses</b>	<u>3,043,298</u>
<b>Operating Income</b>	<u>49,521</u>
<b>Nonoperating Revenues</b>	
Interest and investment revenue	266,138
<b>Total Nonoperating Revenues</b>	<u>266,138</u>
<b>Income before Special Items</b>	<u>315,659</u>
<b>Special Items</b>	
Loss on Streamlined Voluntary Conversion	(920,985)
<b>Total Special Item</b>	<u>(920,985)</u>
<b>Change in Net Position</b>	(605,326)
<b>Net Position, Beginning of Year</b>	<u>3,629,362</u>
<b>Net Position, End of Year</b>	<u>\$ 3,024,036</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, 2021

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### Cash Flows from Operating Activities

HUD grants	\$ 2,021,414
Other government grants	7,245
Receipts from tenants	221,276
Other operating receipts	726,629
Payments to employees	(942,262)
Payments to suppliers	(628,328)
Payments to landlords	<u>(1,394,395)</u>
Net cash provided by operating activities	<u>11,579</u>

### Cash Flows from Capital and Related Financing Activities

Acquisitions of capital assets	<u>(162,820)</u>
Net cash used in capital and related financing activities	<u>(162,820)</u>

### Cash Flows from Investing Activities

Interest and dividends received	47,904
Proceeds from the sale of investments	346,847
Purchase of investments	(368,819)
Proceeds from the collection on notes receivable	<u>46,020</u>
Net cash provided by investing activities	<u>71,952</u>

**Net decrease in cash, cash equivalents and restricted cash** (79,289)

**Cash, cash equivalents and restricted cash, beginning of year** 366,722

**Cash, cash equivalents and restricted cash, end of year** \$ 287,433

*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, 2021

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### Reconciliation of operating income to net cash provided by operating activities:

Operating Income	\$	49,521
Adjustments:		
Depreciation		87,431
Change in assets and liabilities:		
(Increase) decrease in accounts receivable, tenants		4,164
(Increase) decrease in accounts receivable, other		5,460
(Increase) decrease in accounts receivable, HUD		(76,650)
(Increase) decrease in prepaid expenses and other current assets		16,427
(Decrease) increase in accounts payable		(25,305)
(Decrease) increase in accounts payable, other government		(25,522)
(Decrease) increase in compensated absences and accrued wages		18,561
deferred inflow/outflows of resources		3,774
(Decrease) increase in accrued expenses and other current liabilities		(459)
(Decrease) increase in tenant security deposits		(31,802)
(Decrease) increase in unearned operating revenue		(14,021)
Net cash provided by operating activities	\$	<u>11,579</u>

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

Cash and cash equivalents	\$	206,387
Restricted cash - current		<u>81,046</u>
<b>Total cash, cash equivalents and restricted cash per Statement of Net Position</b>	<b>\$</b>	<b><u>287,433</u></b>

### Supplemental Disclosure of Cash Flow Information:

Change in fair value of investments	\$	<u>116,513</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, 2021**

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**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. During 2021, the Authority completed the streamlined voluntary conversion of its 97 units of low rent public housing to Section 8 Housing Choice Voucher assistance. This marked the end of the of the Public Housing program managed by the Authority.

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. As mentioned above, with the streamlined voluntary conversion of the Authority’s Public Housing program, 2021 marked the end of the Public Housing program managed by 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**  
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**NOTE 1 – ORGANIZATION (CONTINUED)**

Local and Other Programs

Property Management – 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.

**BATH HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

***NEW ACCOUNTING STANDARDS ADOPTED***

During 2021, the Authority adopted GASB Statement No. 89 *Accounting for Interest Cost incurred before the end of a construction period*. This new accounting standard 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.

**BATH HOUSING AUTHORITY**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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

***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 2021.

***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, 2021 aggregated \$31,213.

***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.



**BATH HOUSING AUTHORITY**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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.

***ECONOMIC DEPENDENCY***

The Authority's 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 the OPEB liability.

***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**  
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**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, 2021.

***SPECIAL ITEM***

Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. During 2021, the Authority completed the streamlined voluntary conversion of its public housing portfolio. The properties were ground leased to the Bath Housing Development Corporation, a non-profit organization, and include a land use restriction agreement that requires the properties to be operated as affordable housing for households at or below 80% of the area median income for a period of 30 years. As part of this transaction, the Authority recognized a loss of \$920,985 which has been reflected as a special item on the Statement of Revenues, Expenses, and Changes in Net Position.

***SUBSEQUENT EVENTS***

Management has evaluated subsequent events through June 3, 2022, which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure in these financial statements.

**BATH HOUSING AUTHORITY**  
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**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, 2021. At December 31, 2021, the investment in capital assets was \$167,038.

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, 2021, restrictions of \$81,046 represent the net position restricted by HUD related to the Housing Choice Voucher and Mainstream Programs 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, 2021, the unrestricted net position was \$2,775,952.

**NOTE 4 – CASH AND 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, 2021.

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.

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**NOTE 4 – CASH AND 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, 2021:

<b>Investments by fair value level</b>	<b>12/31/2021</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Equity Securities:</b>				
Communication Services	\$ 42,412	\$ 42,412	\$ --	\$ --
Consumer Discretionary	84,781	84,781	--	--
Consumer Staples	37,256	37,256	--	--
Energy	27,813	27,813	--	--
Financials	127,374	127,374	--	--
Health Care	97,968	97,968	--	--
Industrials	89,630	89,630	--	--
Information Technology	135,663	135,663	--	--
Materials	35,061	35,061	--	--
Real Estate Investment Trusts	18,234	18,234	--	--
Utilities	25,121	25,121	--	--
Total Equity Securities	721,313	721,313	--	--
<b>Mutual Funds:</b>				
Fixed Income	527,239	527,239	--	--
Real Assets	27,001	27,001	--	--
Equity Securities	618,319	618,319	--	--
Total Mutual Funds	1,172,559	1,172,559	--	--
Total Investments by Fair Value Level	\$ 1,893,872	\$ 1,893,872	\$ --	\$ --

**BATH HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4 – CASH AND 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, 2021:

Interest and Dividends	\$	29,500
Realized Gain on Investments		101,732
Unrealized Gain (loss) on investments		116,513
Account Fees		(8,439)
Total	\$	<u>239,306</u>

**NOTE 5 – RESTRICTED CASH**

The Authority’s restricted cash balance of \$81,046 consists of funds restricted for future HAP payments. This amount supports the restricted net position for the Housing Choice Voucher and Mainstream Voucher Programs.

**NOTE 6 – ACCOUNTS RECEIVABLE**

The following is a listing of receivables for the Authority at December 31, 2021. The Authority determined that no allowance for uncollectible receivables was necessary at December 31, 2021.

Category of Receivable	Amount
HUD	\$ 76,650
Miscellaneous	<u>60,462</u>
Gross Receivables	<u>137,112</u>
Net Receivables	<u>\$ 137,112</u>

**BATH HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 – CAPITAL ASSETS**

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

	January 1, 2021	Increases	Decreases	December 31, 2021
Capital assets - non-depreciable				
Land	\$ 52,541	\$ --	\$ --	\$ 52,541
Total capital assets - non-depreciable	<u>52,541</u>	<u>--</u>	<u>--</u>	<u>52,541</u>
Capital assets - depreciable				
Buildings	4,490,856	36,175	(4,527,031)	--
Leasehold improvements	21,892	17,033	--	38,925
Land Improvements	523,336	34,425	(557,761)	--
Furniture & equipment	478,468	69,428	(307,671)	240,225
Total capital assets - depreciable	<u>5,514,552</u>	<u>157,061</u>	<u>(5,392,463)</u>	<u>279,150</u>
Less accumulated depreciation				
Buildings	3,731,602	48,612	(3,780,214)	--
Leasehold improvements	4,609	1,554	--	6,163
Land Improvements	484,016	6,099	(490,115)	--
Furniture & equipment	334,232	31,166	(206,908)	158,490
Total accumulated depreciation	<u>4,554,459</u>	<u>87,431</u>	<u>(4,477,237)</u>	<u>164,653</u>
Capital Assets Net	<u>\$ 1,012,634</u>	<u>\$ 69,630</u>	<u>\$ (915,226)</u>	<u>\$ 167,038</u>
Depreciation expense was charged to:				
Federal Public Housing		<u>\$ 76,422</u>		
State/Local Programs		<u>\$ 11,009</u>		

On August 1, 2021, the Authority transferred ownership of its public housing properties to Bath Housing Development Corporation as part of the streamlined voluntary conversion transaction (See Note 18 for additional details).

**BATH HOUSING AUTHORITY**  
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**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, 2021, the outstanding principal on this loan was \$642,358. During 2021, the Authority earned interest on this loan of \$28,373.

**NOTE 9 – NONCURRENT LIABILITIES**

Noncurrent liability activity for the year ended December 31, 2021 is as follows:

	January 1, 2021	Additions	Reductions	December 31, 2021	Amount due within one year
Compensated Absences	\$ 33,799	\$ 67,664	\$ (70,250)	\$ 31,213	\$ 21,526
OPEB Liability	<u>20,381</u>	<u>5,902</u>	<u>--</u>	<u>26,283</u>	<u>--</u>
Total	<u>\$ 54,180</u>	<u>\$ 73,566</u>	<u>\$ (70,250)</u>	<u>\$ 57,496</u>	<u>\$ 21,526</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, 2021 aggregated \$16,000.

**BATH HOUSING AUTHORITY**  
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**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

***PLAN DESCRIPTION AND BENEFITS PROVIDED***

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, 2021, there are 7 active employees and 0 retired employees enrolled in the plan.



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

***TOTAL OPEB LIABILITY***

The Authority's total OPEB liability of \$26,283 was measured as of January 1, 2021 and was determined by an actuarial valuation as of January 1, 2021.

***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
Investment Rate of Return	6.50%
Municipal Bond Rate	2.12% as of December 31, 2020 (Source: Bond Buyer 20-Go Index)
Discount Rate	2.12%
Inflation	2.00%
Salary Increase	2.75% per year
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.

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

*ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)*

Rationale 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 reate from 7.84% in 2020 to 3.28% in 2040. The Non-Medicare blended rate is expected to increase at a decreasing rate from 8.55% in 2020 to 3.28% in 2040.
Withdrawal Rates	Plan participants are expected to withdraw from the plan at a decreasing rate, based on years of service franging 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 Since Last Valuation	The discount rate was updated to reflect the December 31, 2020 Bond Buyer 20-Bond GO Index. The ultimate trend assumption was reduced to reflect the reduction in the Bond Buyer 20-Bond GO Index.

*CHANGES IN THE TOTAL OPEB LIABILITY*

Balance at beginning of year	\$ 20,381
Changes for the year:	
Service cost	3,485
Interest	654
Changes of Assumptions	1,764
Benefit payments	<u>(1)</u>
Net changes	<u>5,902</u>
Balance at end of year	<u>\$ 26,283</u>

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

***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 2.12% 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 1.12%	Current Discount 2.12%	1% Increase 3.12%
Total OPEB liability	<u>\$ 31,487</u>	<u>\$ 26,283</u>	<u>\$ 22,173</u>

***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	<u>\$ 21,502</u>	<u>\$ 26,283</u>	<u>\$ 32,662</u>

**BATH HOUSING AUTHORITY**  
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**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**  
**(CONTINUED)**

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

For the year ended December 31, 2021, the Authority recognized OPEB expenses of \$3,775. 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, 2021, 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	\$ 439	\$ 7,696
Changes of assumptions	5,838	1,792
Total	\$ 6,277	\$ 9,488

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 December 31,	Deferred Outflows (Inflows of) Resources
2022	\$ (364)
2023	(364)
2024	(364)
2025	(364)
2026	(363)
Thereafter	(1,392)
Total	\$ (3,211)

**BATH HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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. Employees are eligible for retirement after 30 days of service. Employee contributions for 2021 were \$24,589. Employer contributions for 2021 were \$23,812.

**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. 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.

**BATH HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 15 – RELATED PARTY TRANSACTIONS**

The Bath Housing Development Corporation (BHDC) is considered a related party due to common board members. 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 \$204,564 of management fees and was reimbursed \$481,472 for administrative and maintenance services for the year ended December 31, 2021.

At December 31, 2021, the Authority was owed \$58,139 for services provided to BHDC. For the year ended December 31, 2021, the Authority made housing assistance payments on behalf of residents living in properties owned by BHDC of \$407,399.

**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, 2021 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 \$30,480 payable in monthly payments of \$2,540. Rent expense incurred in 2021 was \$30,480. Estimated future minimum rental payments as of December 31, 2021 are as follows:

<b>Year</b>	<b>Minimum rental payments</b>	
2022	\$	30,480
2023		30,480
2024		30,480
Total	\$	91,440

# BATH HOUSING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### NOTE 17 – GUARANTEES

The Authority has guaranteed several loans between BHDC and MaineHousing as well as the line of credit between BHDC and People’s United Bank. The loans mature at various dates ranging from January 2022 to February 2050. The line of credit is due upon the lender’s demand. 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 at December 31, 2021 that have been guaranteed by the Authority.

		Loan Balance
806 Middle Street	\$	112,657
49 Elm Street		72,842
28 Maple Street		141,345
470 Washington Street		160,158
Lincoln Street		291,713
Summer Street		500,000
Line of Credit		1,033,130
Total	\$	2,311,845

### NOTE 18 – STREAMLINED VOLUNTARY CONVERSION

Streamlined Voluntary Conversion (SVC) refers to PHAs’ ability to voluntarily decide to remove their public housing units from a public housing Annual Contributions Contract (ACC), authorized under Section 22 of the U.S. Housing Act of 1937. Families residing in these units receive tenant-based vouchers.

Effective August 1, 2021, the Authority closed on the streamlined voluntary conversion transaction. This involved the Authority transferring the ownership of the properties BHDC and entering into a ground lease for the land on which the buildings are constructed for a term of 98 years expiring on December 31, 2120. The Authority recognized a loss of \$920,985 which has been reflected as a special item on the Statement of Revenues, Expenses, and Changes in Net Position.

The Authority and BHDC entered into a land use restriction agreement which restricts the use of the properties as affordable housing serving households at or below 80% of the area median income for a period of 30 years. The Authority received 97 tenant protection vouchers to subsidize the rents for tenants residing at the properties.

# BATH HOUSING AUTHORITY

## SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

### LAST FOUR 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
2021	\$ 20,381	\$ 3,485	\$ 654	\$ --	\$ --	\$ 1,764	\$ (1)	\$ 5,902	\$ 26,283
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
2021	\$ 337,019	7.80%
2020	\$ 271,914	7.50%
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, 2021

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### 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*

There were no changes in benefit terms from the prior measurement date.

#### *CHANGES IN ASSUMPTIONS*

There was a change in the discount rate from 2.74% to 2.12%. In addition, medical and prescription drug trend arrays were updated.

*See Notes to Required Supplementary Information*

# BATH HOUSING AUTHORITY

## SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2021

FDS Line Item	Description	ME01900001	ROSS	Housing Choice Vouchers	Mainstream Vouchers	HCV CARES Act Funding
111	Cash - Unrestricted	-	-	-	-	-
113	Cash - Other Restricted	-	-	78,687	2,359	-
100	Total Cash	-	-	78,687	2,359	-
122	Accounts Receivable - HUD Other Projects	76,650	-	-	-	-
125	Accounts Receivable - Miscellaneous	5	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	76,655	-	-	-	-
131	Investments - Unrestricted	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	-	-	-	-
143	Inventories	-	-	-	-	-
144	Inter Program Due From	-	-	-	3,826	-
150	Total Current Assets	76,655	-	78,687	6,185	-
161	Land	-	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	-
165	Leasehold Improvements	-	-	-	-	-
166	Accumulated Depreciation	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	-	-	-	-	-
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-
180	Total Non-Current Assets	-	-	-	-	-
200	Deferred Outflow of Resources	-	-	1,004	-	-
290	Total Assets and Deferred Outflow of Resources	76,655	-	79,691	6,185	-
312	Accounts Payable <= 90 Days	-	-	838	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	5,697	-	-
322	Accrued Compensated Absences - Current Portion	-	-	2,730	-	-
347	Inter Program - Due To	66,235	-	20,294	-	-
310	Total Current Liabilities	66,235	-	29,559	-	-
354	Accrued Compensated Absences - Non Current	-	-	1,228	-	-
357	Accrued Pension and OPEB Liabilities	-	-	4,205	-	-
350	Total Non-Current Liabilities	-	-	5,433	-	-
300	Total Liabilities	66,235	-	34,992	-	-
400	Deferred Inflow of Resources	-	-	1,518	-	-
508.4	Net Investment in Capital Assets	-	-	-	-	-
511.4	Restricted Net Position	-	-	78,687	2,359	-
512.4	Unrestricted Net Position	10,420	-	(35,506)	3,826	-
513	Total Equity - Net Assets / Position	10,420	-	43,181	6,185	-
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	76,655	-	79,691	6,185	-

*See Independent Auditors' Report*

# BATH HOUSING AUTHORITY

## SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2021

FDS Line Item	Description	ME01900001	ROSS	Housing Choice Vouchers	Mainstream Vouchers	HCV CARES Act Funding
70300	Net Tenant Rental Revenue	247,142	-	-	-	-
70400	Tenant Revenue - Other	3,306	-	-	-	-
70500	Total Tenant Revenue	250,448	-	-	-	-
70600	HUD PHA Operating Grants	517,728	26,659	1,378,019	175,658	7,750
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71100	Investment Income - Unrestricted	38	-	29	-	-
71200	Mortgage Interest Income	-	-	-	-	-
71400	Fraud Recovery	-	-	5,284	-	-
71500	Other Revenue	7,278	-	11,148	578	-
70000	Total Revenue	775,492	26,659	1,394,480	176,236	7,750
91100	Administrative Salaries	105,656	-	76,387	10,467	-
91200	Auditing Fees	10,621	-	288	38	-
91500	Employee Benefit contributions - Administrative	27,408	-	17,069	2,681	-
91600	Office Expenses	42,441	-	3,311	439	-
91700	Legal Expense	20,257	-	10	-	-
91800	Travel	1,242	-	9	1	-
91900	Other	40,097	559	2,282	303	-
91000	Total Operating - Administrative	247,722	559	99,356	13,929	-
92100	Tenant Services - Salaries	-	22,497	-	-	-
92300	Employee Benefit Contributions - Tenant Services	4,984	3,603	-	-	-
92400	Tenant Services - Other	-	-	-	-	7,750
92500	Total Tenant Services	4,984	26,100	-	-	7,750
93100	Water	7,930	-	-	-	-
93200	Electricity	45,946	-	-	-	-
93400	Fuel	24,624	-	-	-	-
93600	Sewer	12,633	-	-	-	-
93000	Total Utilities	91,133	-	-	-	-
94100	Ordinary Maintenance and Operations - Labor	46,676	-	-	-	-
94200	Ordinary Maintenance and Operations - Materials and Other	48,275	-	3	-	-
94300	Ordinary Maintenance and Operations Contracts	74,511	-	12,019	1,615	-
94500	Employee Benefit Contributions - Ordinary Maintenance	11,221	-	-	-	-
94000	Total Maintenance	180,683	-	12,022	1,615	-
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	22,426	-	-	-	-
96120	Liability Insurance	1,987	-	225	-	-
96130	Workmen's Compensation	2,556	-	156	19	-
96140	All Other Insurance	2,168	-	-	-	-
96100	Total insurance Premiums	29,137	-	381	19	-
96210	Compensated Absences	11,986	-	11,757	-	-

*See Independent Auditors' Report*

**BATH HOUSING AUTHORITY**  
**SUPPLEMENTARY FINANCIAL DATA SCHEDULE**

**DECEMBER 31, 2021**

<b>FDS Line Item</b>	<b>Description</b>	<b>ME019000001</b>	<b>ROSS</b>	<b>Housing Choice Vouchers</b>	<b>Mainstream Vouchers</b>	<b>HCV CARES Act Funding</b>
96300	Payments in Lieu of Taxes	16,000	-	-	-	-
96400	Bad debt - Tenant Rents	3,406	-	-	-	-
96000	Total Other General Expenses	31,392	-	11,757	-	-
96710	Interest of Mortgage (or Bonds) Payable	1,686	-	-	-	-
96700	Total Interest Expense and Amortization Cost	1,686	-	-	-	-
96900	Total Operating Expenses	586,737	26,659	123,516	15,563	7,750
97000	Excess of Operating Revenue over Operating Expenses	188,755	-	1,270,964	160,673	-
97100	Extraordinary Maintenance	16,866	-	-	-	-
97300	Housing Assistance Payments	-	-	1,230,692	163,703	-
97350	HAP Portability-In	-	-	1,209	-	-
97400	Depreciation Expense	76,422	-	-	-	-
90000	Total Expenses	680,025	26,659	1,355,417	179,266	7,750
10010	Operating Transfer In	243,485	-	-	-	-
10020	Operating transfer Out	(243,485)	-	-	-	-
10080	Special Items (Net Gain/Loss)	(920,985)	-	-	-	-
10100	Total Other financing Sources (Uses)	(920,985)	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(825,518)	-	39,063	(3,030)	-
11030	Beginning Equity	915,078	-	20,969	9,215	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	(79,140)	-	(16,851)	-	-
11170	Administrative Fee Equity	-	-	(35,506)	-	-
11180	Housing Assistance Payments Equity	-	-	78,687	-	-
11190	Unit Months Available	679	-	2,093	264	-
11210	Number of Unit Months Leased	666	-	1,939	251	-
11620	Building Purchases	36,175	-	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	63,778	-	-	-	-

*See Independent Auditors' Report*

# BATH HOUSING AUTHORITY

## SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2021

FDS Line Item	Description	Mainstream CARES Act Funding	Public Housing CARES Act Funding	State/Local	Eliminations	Total
111	Cash - Unrestricted	-	-	206,387	-	206,387
113	Cash - Other Restricted	-	-	-	-	81,046
100	Total Cash	-	-	206,387	-	287,433
122	Accounts Receivable - HUD Other Projects	-	-	-	-	76,650
125	Accounts Receivable - Miscellaneous	-	-	60,457	-	60,462
127	Notes, Loans, & Mortgages Receivable - Current	-	-	47,895	-	47,895
129	Accrued Interest Receivable	-	-	141	-	141
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	-	108,493	-	185,148
131	Investments - Unrestricted	-	-	1,893,872	-	1,893,872
142	Prepaid Expenses and Other Assets	-	-	44	-	44
143	Inventories	-	-	11,271	-	11,271
144	Inter Program Due From	-	-	82,703	(86,529)	-
150	Total Current Assets	-	-	2,302,770	(86,529)	2,377,768
161	Land	-	-	52,541	-	52,541
164	Furniture, Equipment & Machinery - Administration	-	-	240,225	-	240,225
165	Leasehold Improvements	-	-	38,925	-	38,925
166	Accumulated Depreciation	-	-	(164,653)	-	(164,653)
160	Total Capital Assets, Net of Accumulated Depreciation	-	-	167,038	-	167,038
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	594,463	-	594,463
180	Total Non-Current Assets	-	-	761,501	-	761,501
200	Deferred Outflow of Resources	-	-	5,273	-	6,277
290	Total Assets and Deferred Outflow of Resources	-	-	3,069,544	(86,529)	3,145,546
312	Accounts Payable <= 90 Days	-	-	5,320	-	6,158
321	Accrued Wage/Payroll Taxes Payable	-	-	42,671	-	48,368
322	Accrued Compensated Absences - Current Portion	-	-	18,796	-	21,526
347	Inter Program - Due To	-	-	-	(86,529)	-
310	Total Current Liabilities	-	-	66,787	(86,529)	76,052
354	Accrued Compensated Absences - Non Current	-	-	8,459	-	9,687
357	Accrued Pension and OPEB Liabilities	-	-	22,078	-	26,283
350	Total Non-Current Liabilities	-	-	30,537	-	35,970
300	Total Liabilities	-	-	97,324	(86,529)	112,022
400	Deferred Inflow of Resources	-	-	7,970	-	9,488
508.4	Net Investment in Capital Assets	-	-	167,038	-	167,038
511.4	Restricted Net Position	-	-	-	-	81,046
512.4	Unrestricted Net Position	-	-	2,797,212	-	2,775,952
513	Total Equity - Net Assets / Position	-	-	2,964,250	-	3,024,036
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	-	-	3,069,544	(86,529)	3,145,546

*See Independent Auditors' Report*

# BATH HOUSING AUTHORITY

## SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2021

FDS Line Item	Description	Mainstream CARES Act Funding	Public Housing CARES Act Funding	State/Local	Eliminations	Total
70300	Net Tenant Rental Revenue	-	-	-	-	247,142
70400	Tenant Revenue - Other	-	-	-	-	3,306
70500	Total Tenant Revenue	-	-	-	-	250,448
70600	HUD PHA Operating Grants	2,859	-	-	-	2,108,673
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	-	-	7,245	-	7,245
71100	Investment Income - Unrestricted	-	-	239,384	-	239,451
71200	Mortgage Interest Income	-	-	28,373	(1,686)	26,687
71400	Fraud Recovery	-	-	-	-	5,284
71500	Other Revenue	-	-	703,374	(1,209)	721,169
70000	Total Revenue	2,859	-	978,376	(2,895)	3,358,957
91100	Administrative Salaries	-	-	201,087	-	393,597
91200	Auditing Fees	-	-	5,053	-	16,000
91500	Employee Benefit contributions - Administrative	-	-	60,266	-	107,424
91600	Office Expenses	-	-	79,638	-	125,829
91700	Legal Expense	-	-	180	-	20,447
91800	Travel	-	-	1,772	-	3,024
91900	Other	-	-	25,259	-	68,500
91000	Total Operating - Administrative	-	-	373,255	-	734,821
92100	Tenant Services - Salaries	-	-	69,429	-	91,926
92300	Employee Benefit Contributions - Tenant Services	-	-	21,746	-	30,333
92400	Tenant Services - Other	2,859	-	26,494	-	37,103
92500	Total Tenant Services	2,859	-	117,669	-	159,362
93100	Water	-	-	152	-	8,082
93200	Electricity	-	-	1,107	-	47,053
93400	Fuel	-	-	1,162	-	25,786
93600	Sewer	-	-	165	-	12,798
93000	Total Utilities	-	-	2,586	-	93,719
94100	Ordinary Maintenance and Operations - Labor	-	-	157,631	-	204,307
94200	Ordinary Maintenance and Operations - Materials and Other	-	-	632	-	48,910
94300	Ordinary Maintenance and Operations Contracts	-	-	12,004	-	100,149
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	47,329	-	58,550
94000	Total Maintenance	-	-	217,596	-	411,916
95000	Total Protective Services	-	-	-	-	-
96110	Property Insurance	-	-	-	-	22,426
96120	Liability Insurance	-	-	8,307	-	10,519
96130	Workmen's Compensation	-	-	3,888	-	6,619
96140	All Other Insurance	-	-	5,190	-	7,358
96100	Total insurance Premiums	-	-	17,385	-	46,922
96210	Compensated Absences	-	-	54,717	-	78,460

*See Independent Auditors' Report*

# BATH HOUSING AUTHORITY

## SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2021

FDS Line Item	Description	Mainstream CARES Act Funding	Public Housing CARES Act Funding	State/Local	Eliminations	Total
96300	Payments in Lieu of Taxes	-	-	-	-	16,000
96400	Bad debt - Tenant Rents	-	-	-	-	3,406
96000	Total Other General Expenses	-	-	54,717	-	97,866
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	(1,686)	-
96700	Total Interest Expense and Amortization Cost	-	-	-	(1,686)	-
96900	Total Operating Expenses	2,859	-	783,208	(1,686)	1,544,606
97000	Excess of Operating Revenue over Operating Expenses	-	-	195,168	(1,209)	1,814,351
97100	Extraordinary Maintenance	-	-	-	-	16,866
97300	Housing Assistance Payments	-	-	-	-	1,394,395
97350	HAP Portability-In	-	-	-	(1,209)	-
97400	Depreciation Expense	-	-	11,009	-	87,431
90000	Total Expenses	2,859	-	794,217	(2,895)	3,043,298
10010	Operating Transfer In	-	-	-	(243,485)	-
10020	Operating transfer Out	-	-	-	243,485	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	(920,985)
10100	Total Other financing Sources (Uses)	-	-	-	-	(920,985)
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	-	184,159	-	(605,326)
11030	Beginning Equity	-	-	2,684,100	-	3,629,362
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	95,991	-	-
11170	Administrative Fee Equity	-	-	-	-	(31,680)
11180	Housing Assistance Payments Equity	-	-	-	-	81,046
11190	Unit Months Available	-	-	-	-	3,036
11210	Number of Unit Months Leased	-	-	-	-	2,856
11620	Building Purchases	-	-	-	-	36,175
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	63,778

*See Independent Auditors' Report*

# BATH HOUSING AUTHORITY

## STATEMENT OF ACTUAL MODERNIZATION COSTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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<b>Project:</b>	<b>ME01P019501-21</b>
Modernization Funds Approved	\$ 243,485
Modernization Funds Expended	<u>243,485</u>
Excess of Modernization Funds Approved	<u>\$ --</u>
Modernization Funds Advanced	\$ 243,485
Modernization Funds Expended	<u>243,485</u>
Excess of Modernization Funds Advanced	<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, 2021

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<b>Grant:</b>		<b>ROSS171048</b>
Grant Funds Approved	\$	211,679
Grant Funds Expended		<u>194,624</u>
Excess of Grant Funds Approved	\$	<u>17,055</u>
Grant Funds Advanced	\$	194,623
Grant Funds Expended		<u>194,623</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, 2021**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Sub-recipients	Total Federal Expenditures
<b>Department of Housing &amp; Urban Development (HUD)</b>				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	--	\$ --	\$ 1,354,208
Section 8 Housing Choice Vouchers - CARES Act	14.871	--	--	7,750
Total Section 8 Housing Choice Vouchers			--	1,361,958
Mainstream Vouchers	14.879	--	--	175,658
Mainstream Vouchers - CARES Act	14.879	--	--	2,859
Total Mainstream Vouchers			--	178,517
Total Housing Voucher Cluster			--	1,540,475
Public and Indian Housing	14.850	--	--	274,243
Public Housing Capital Fund (CFP)	14.872	--	--	243,485
Resident Opportunity and Support Services	14.870	--	--	26,659
<b>Total Department of Housing &amp; Urban Development</b>			--	2,084,862
<b>Total Expenditures of Federal Awards</b>			\$ --	\$ 2,084,862

*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, 2021

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### 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, 2021. 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, ME

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 business-type activities of the Bath Housing Authority as of and for the year ended December 31, 2021, 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 3, 2022.

***Report on 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.

### ***Report on 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*

Providence, Rhode Island  
June 3, 2022

**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, ME

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Bath Housing Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Bath Housing Authority's major federal programs for the year ended December 31, 2021. Bath Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

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

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

## ***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

## Report on Internal Control over Compliance

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

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

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

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

*Marcum LLP*

Providence, Rhode Island  
June 3, 2022



**BATH HOUSING AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

***FINANCIAL STATEMENTS***

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified Opinion*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

***FEDERAL AWARDS***

Internal control over the major federal program:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Type of auditors' report issued on compliance for the major federal program: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of the major federal program:

**CFDA #** **Name of Federal Program or Cluster**

14.871/14.879 Housing Voucher Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

**BATH HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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**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, ME

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, 2021 and have issued our reports thereon dated June 3, 2022. 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 3, 2022, 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.

The 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*

Providence, Rhode Island  
June 3, 2022