BATH HOUSING AUTHORITY

FINANCIAL STATEMENTS
AND
REPORTS OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

FOR THE YEAR ENDED
DECEMBER 31, 2025

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Independent Auditor's Report

Board of Commissioners
Bath Housing Authority

Report on the Audit of the Financial Statements

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, 2025, 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 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, 2025, and the respective changes in financial position, and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bath Housing Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 generally accepted auditing standards 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 generally accepted auditing standards 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 the management's discussion and analysis on pages 6 to 13 and the schedules of pension and OPEB information beginning on page 31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bath Housing Authority's basic financial statements. The Financial Data Schedule, as required by *Uniform Financial Reporting Standards*, issued by the U.S. Department of Housing and Urban Development, and the Schedule of Expenditures of Federal Awards, as required by 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* 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 Financial Data Schedule and Schedule 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 also issued our report dated June 15, 2026 on our consideration of Bath Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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.

Geel LLP
Certified Public Accountants

Bristol, Connecticut
June 15, 2026

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, 2025, 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, 2025, with comparative data for the year ended December 31, 2024. 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, 2025 by $3,304,129 (net position), representing a increase of $209,727 from the prior year.
- Total revenues increased by $71,656 from the prior year, while total expenses increased by $101,846.
- The Authority's current ratio that measures liquidity decreased during the year from 17.27 to 16.26.
- The Authority's total debt increased from $101,737 to $214,335 The Authority's debt represents the lease liability (refer to financial statement notes).

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:

<u>Federal Programs:</u>

- Section 8 Housing Choice Voucher Program
- Mainstream Vouchers

<u>State/Local and Other Programs:</u>

- Property Management

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

FINANCIAL ANALYSIS

Summary of Net Position

Presented below is the Authority's condensed summary of net position at December 31, 2025 compared to December 31, 2024. 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).

TABLE 1

STATEMENTS OF NET POSITION

	2025	2024	Change	% Change
Current Assets	$2,956,259	$2,615,907	$ 340,352	13.01%
Capital Assets	374,466	307,293	67,173	21.86%
Other Non-current Assets	382,559	438,749	(56,190)	-12.81%
Total Assets	3,713,284	3,361,949	351,335	10.45%
Deferred outflow of resources	13,996	16,883	(2,887)	-17.10%
Current Liabilities	181,851	151,494	30,357	20.04%
Non-current Liabilities	229,097	119,300	109,797	92.03%
Total Liabilities	410,948	270,794	140,154	51.76%
Deferred inflow of resources	12,203	13,636	(1,433)	100.00%
Net Position:				
Net investment in capital assets	160,131	225,183	(65,052)	-28.89%
Restricted	33,145	14,859	18,286	123.06%
Unrestricted	3,110,853	2,854,360	256,493	8.99%
Total Net Position	$3,304,129	$3,094,402	$ 209,727	6.78%

Total assets of the Authority at December 31, 2025 and 2024 were $3,713,284 and $3,361,949, respectively, an increase of 10.45%. The significant components of current assets are cash and receivables. The significant components of noncurrent assets are capital assets and notes receivable. Capital assets include land, buildings and building improvements, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation.

Total liabilities of the Authority at December 31, 2025 and 2024 were $410,948 and $270,794, respectively, a change of 51.76%. Current liabilities include accounts payable, accrued liabilities and unearned revenue. Noncurrent liabilities are primarily made up of the long-term portion of compensated absences, the OPEB liability and lease liability.

Deferred inflows and outflows of resources relate to the Authority pension and OPEB liabilities. In 2025, the Authority's pension and OPEB related deferred outflows decreased by $2,887 and deferred inflows decreased by $1,433. 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, net 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 $256,493 or 8.99%, for the fiscal year.

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, 2025 compared to the year ended December 31, 2024. 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2025, capital assets, net of accumulated depreciation was $374,466 which includes land, buildings and building improvements, leasehold improvements, and equipment. The schedule below reflects the changes in capital assets, net of depreciation, from December 31, 2024 to December 31, 2025:

CAPITAL ASSET ANALYSIS
December 31, 2025 and 2024

	Business - Type Assets	
	2025	2024
Land	$ 52,541	$ 52,541
Leasehold improvements	53,456	53,456
Buildings and Improvements	245,055	149,456
Non-dwelling Equipment	350,479	339,110
	701,531	594,563
Accumulated Depreciation	(327,065)	(287,270)
	$ 374,466	$ 307,293

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

Long-Term Debt

At December 31, 2025, the Authority has total long-term debt of $214,335 an increase of $112,598 compared to the prior year. The long-term debt represents the lease liability for the office space rental. Additional information on the Authority's long-term debt can be found in the notes to financial statements.

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended December 31, 2025 and 2024

	2025	2024	Change	% Change
Operating revenues				
HUD operating grants	$2,878,717	$2,809,924	$ 68,793	2.45%
Section 8 fraud recovery	1,171	2,000	(829)	-41.45%
Other operating grants	-	18,076	(18,076)	-100.00%
Other	1,532,449	1,510,681	21,768	1.44%
Total operating revenues	**4,412,337**	**4,340,681**	**71,656**	1.65%
Operating expenses				
Administrative	1,080,632	988,114	92,518	9.36%
Tenant services	132,044	154,166	(22,122)	-14.35%
Maintenance	467,162	481,429	(14,267)	-2.96%
General	144,991	136,912	8,079	5.90%
Housing assistance payments	2,570,707	2,536,681	34,026	1.34%
Depreciation and amortization	114,220	110,608	3,612	3.27%
Total operating expenses	**4,509,756**	**4,407,910**	**101,846**	2.31%
Operating income	(97,419)	(67,229)	(30,190)	44.91%
Nonoperating revenues (expenses)				
Gain/(loss) on disposals of assets	2,077	1,000	1,077	-100.00%
Investment income	316,892	215,215	101,677	47.24%
Interest expense	(11,823)	(5,429)	(6,394)	117.77%
Total nonoperating revenues (expenses), net	**307,146**	**210,786**	**96,360**	45.71%
Change in net position	**$ 209,727**	**$ 143,557**	**$ 66,170**	46.09%

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.

Significant changes in revenues and expenses from the fiscal year ended December 31, 2024 to December 31, 2025 include the following:

- Operating revenues increased by $71,656, or 1.65%, primarily due to an increase in funding for the Housing Choice Voucher and Mainstream programs.

- Nonoperating revenues increased by $101,677, or 47.24%, due to an increase in investment income compared to the prior year.

- Housing assistance payments increased by $68,793, or 2.45%, due to an increase in the number of vouchers leased and overall increasing rents within the City of Bath.

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 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

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 Ms. Debora Keller, Executive Director, Bath Housing Authority, 520 Centre Street , Maine, 04530.

BATH HOUSING AUTHORITY
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2025

ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	$ 673,610
Cash and Cash Equivalents - Restricted	4,849
Accounts Receivable	
Related Party	98,872
Interest	96
Current Portion of Notes Receivable	56,190
Investments	2,070,359
Prepaid Expenses and Other Current Assets	52,283
Total Current Assets	2,956,259
Noncurrent Assets	
Capital Assets, net of A/D	
Nondepreciable	52,541
Depreciable	321,925
Notes Receivable	382,559
Total Noncurrent Assets	757,025
Total Assets	3,713,284
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to OPEB	13,996
Total Deferred Outflows of Resources	13,996
LIABILITIES	
Current Liabilities	
Accounts Payable - Vendors and Contractors	14,631
Accrued Wages and Related Liabilities	65,802
Accrued Compensated Absences	35,932
Current Portion of Lease Payable	65,486
Total Current Liabilities	181,851
Noncurrent Liabilities	
Accrued Compensated Absences	18,611
Lease Payable	148,849
OPEB Liability	61,637
Total Noncurrent Liabilities	229,097
Total Liabilities	410,948
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to OPEB	12,203
Total Deferred Inflows of Resources	12,203
Net Position	
Net Investment in Capital Assets	160,131
Restricted for:	
Housing Assistance Payments	4,849
Unrestricted	3,139,149
Total Net Position	$ 3,304,129

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

BATH HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025

OPERATING REVENUE	
HUD Operating Grants	$ 2,878,717
Fees for Other Services	1,525,435
Other Government Grants	-
Other Operating Revenue	8,185
Total Operating Revenue	4,412,337
OPERATING EXPENSES	
Administrative	1,080,632
Tenant Services	132,044
Ordinary Maintenance and Operations	467,162
Insurance	36,569
General	108,422
Housing Assistance Payments	2,570,707
Depreciation Expense	114,220
Total Operating Expenses	4,509,756
Operating Income (Loss)	(97,419)
NONOPERATING INCOME (EXPENSES)	
Interest and Investment Income	316,892
Interest Expense	(11,823)
Gain/Loss on Sale	2,077
Total Nonoperating Income (Expenses)	307,146
Income (Loss) before Capital Contributions	209,727
Capital Contributions	-
Change in Net Position	209,727
Net Position, Beginning of Year	3,094,402
Net Position, End of Year	$ 3,304,129

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

BATH HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDEDDECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Operations	$	1,611,173
HUD Operating Grants		2,957,283
Housing Assistance Payments		(2,570,707)
Payments to Vendors and Suppliers		(699,295)
Payments for Employee Wages		(1,124,026)
Other Receipts (Payments)		8,185
Net Cash Provided by (Used in) Operating Activities		182,613
CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES:		
Purchases of Property and Equipment		(11,369)
Principal Payments on Lease Payable		(55,349)
Interest Payments on Lease Payable		(11,823)
Net Cash Provided by (Used in) Capital Related Financing Activities		(78,541)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Investment Income		316,904
Net Proceeds from (Deposits to) Investments		(198,598)
Proceeds from Collection on Notes Receivable		53,991
Net Cash Provided by (Used in) Investing Activities		172,297
Net Increase (Decrease) in Cash		276,369
Cash at the Beginning of the Year		402,090
Cash at the End of the Year	$	678,459
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	$	(97,419)
Adjustments to Reconcile Change in Net Cash Provided by Operating Activities:		
Depreciation Expense		114,220
Change in Operating Assets and Liabilities:		
Decrease (Increase) in Receivables		164,304
Decrease (Increase) in Prepaid Expenses		(27,501)
Increase (Decrease) in Accounts Payable		(67)
Increase (Decrease) in Accrued Wages and Compensated Absences		17,964
Increase (Decrease) in Other Liabilities		11,112
Net Cash Provided by (Used in) Operating Activities	$	182,613
Noncash Capital and Financing Activities		
Early Termination of Lease	$	(75,031)
Acquisition of Leased Office Space		245,055
Total Noncash Capital and Financing Activities	$	170,024

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies of the Bath Housing Authority (the Authority) is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Reporting Entity

The Authority is a public body corporate and politic organized under the laws of the State of Maine. Effective January 1, 2025, the Authority elected to participate in the Moving to Work (MTW) Demonstration under an MTW Expansion Agreement with the U.S. Department of Housing and Urban Development (HUD). The year ended December 31, 2025 represents the Authority's first year of MTW operations. As a newly designated MTW agency, the Authority began implementing MTW flexibilities during the year in accordance with the United States Housing Act of 1937, the MTW Operations Notice, and the terms of its MTW Supplement. Through this designation, the Authority administers HUD housing assistance programs and related activities with the additional flexibilities provided under the MTW Demonstration. The Authority is exempt from Federal and State income taxes and is not required to file Federal or State income tax returns.

The Authority's combined financial statements include the accounts of all the Authority's operations. The criteria for including organizations as component units within the reporting entity, as set forth in 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

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Authority's Board of Commissioners or the component unit provides services entirely to the Authority. These component units' funds are blended into those of the Authority's by appropriate activity type to compose the primary government presentation. Discretely presented component units are separate legal entities that meet the component unit criteria but do not meet the criteria for blending.

Based on the aforementioned criteria, the Authority is not a component unit of the city, nor does it include any component units.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

The Authority's funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation are included on the Statement of Net Position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Authority has elected to report as a single enterprise proprietary fund and its primary operations consist of housing and grant programs as follows:

- The ***Moving-To-Work (MTW) Demonstration Program*** provides flexibility to design and implement local policies outside certain HUD regulations and provisions of the U.S. Housing Act of 1937. Through its MTW block grant authority, the Authority administers rental housing assistance programs, including 109 Project-Based Voucher (PBV) units administered under HAP contracts.

- The ***Housing Choice Voucher Program*** provides rental housing assistance under special purpose voucher subprograms for Mainstream and Tenant Protection Vouchers. The purpose of the program is to provide decent and affordable housing to low-income families and elderly and handicapped persons wherein rental assistance is provided by HUD. The associated units are owned, maintained, and managed by private landlords.

- The **State/Local Programs** are as follows:
  - *Local Program* – This program represents the activities of the Authority's programs using non-HUD resources. Such activities include providing management and maintenance services to several housing projects.

The financial statements of the Authority are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The financial statements include:

1. A Management Discussion and Analysis (MD&A) section providing an analysis of the Authority's overall financial position and results of operations.

2. Financial statements prepared using full accrual accounting for all of the Authority's activities.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses used during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
Cash and cash equivalents represent cash in checking accounts, money market funds or short-term investments with original maturities of three months or less.

Accounts Receivable
Accounts receivable consist solely of amounts due from HUD, other governmental entities, and other non-tenant sources. These receivables are recorded at the amount earned and are evaluated annually for collectability. An allowance for doubtful accounts is established when collection is considered doubtful based on historical experience and specific account review. Currently, the allowance established for receivables is $23,895.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 an 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. The Authority's investments are measured and reported at fair value in accordance with this hierarchy.

Capital Assets
Land, buildings, and equipment are stated at cost and depreciated over their estimated useful lives. The capitalization threshold is $5,000 and estimated useful life in excess of one year. Donated assets are recorded at estimated market value as of the date of the donation. Construction in progress costs are not depreciated until the corresponding projects are completed. Management evaluated capital assets for indicators of impairment in accordance with GASB standards and noted no impairments during the year.

Depreciation has been provided over the following useful lives using the straight-line method of depreciation as follows:

Right of Use Asset	Lease Term
Land and Building Improvements	10 to 20 years
Machinery and Equipment	5 to 10 years

Leases
The Authority recognizes a lease obligation and an intangible right-to-use asset (lease asset) for a noncancellable lease in the financial statements. The Authority recognizes lease obligations with an initial individual value of $5,000 or more.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Authority uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments due to the lessor. The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease liability and right of use asset if certain changes occur that are expected to significantly affect the amount of the right of use asset.

Deferred Outflows and Inflows of Resources
Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position of fund balance that applies to future periods and will be recognized as revenue, or a reduction in expense, in future periods.

Other Post-Employment Benefits (OPEB)
For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as the Authority's Other Postemployment Benefits Plan (OPEB plan). For this purpose, the OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Compensated Absences
Employees earn compensated absences in the form of earned benefit time (EBT). A liability for compensated absences is recognized when the leave is earned and it is more likely than not that the leave will be used for time off or otherwise paid or settled. The liability is measured using employee pay rates in effect at year-end, plus applicable salary-related payments, and is adjusted for the probability of use or payout in accordance with GASB Statement No. 101. The Authority's policies govern accrual, usage, carryover limits, and payout provisions.

Guarantees
The Authority has provided loan guarantees to support affordable housing developments owned by the Bath Housing Development Corporation (BHDC). In accordance with GASB Statement No. 70, the Authority evaluated the likelihood of making payments under these guarantees and determined that a payment is not probable. Accordingly, no liability has been recognized as of December 31, 2025.

Use of Restricted Funds
When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Equity Classifications
Equity is classified as net position and displayed in three components in the Statement of Net Position.

> **Net Investment in Capital Assets** consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> **Restricted** consists of residual funding with constraints place on the use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations or other governments; or (2) law through constitutional provisions or enabling legislation. The Authority's restricted net position consists of unspent Mainstream HAP funding provided by HUD.
>
> **Unrestricted** consists of all other residual funding that do not meet the definition of restricted or Net Investment in Capital Assets.

NOTE 2 – CASH DEPOSITS

Custodial Credit Risk for Deposits
The Authority maintains cash with FDIC depository banks. At times, these balances may exceed the Federal insurance limits; however, the Authority has not experienced any losses with respect to its bank balances in excess of government provided insurance. In addition, such balances are fully collateralized through agreements with the financial institution in the entity's name. Management believes that no significant custodial credit risk exists with respect to these cash balances as of December 31, 2025. The breakdown of restrictions on deposits reported as of December 31, 2025 is as follows:

Restrictions on Deposits	Amount	Program
Restricted Cash - Housing Assistance Payments	$ 4,849	Mainstream Vouchers
Total Restricted Cash	$ 4,849	

NOTE 3 – 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.

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's investment policy does not specifically address 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, 2025:

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Securities				
Communication Services	$ 42,965	$ 42,965	$ -	$ -
Consumer Discretionary	52,380	52,380	-	-
Consumer Staples	19,233	19,233	-	-
Energy	11,242	11,242	-	-
Financials	57,097	57,097	-	-
Health Care	33,344	33,344	-	-
Industrials	18,451	18,451	-	-
Information Technology	143,755	143,755	-	-
Materials	6,112	6,112	-	-
Real Estate Investment Trusts	7,022	7,022	-	-
Utilities	8,022	8,022	-	-
Total Equity Securities	399,623	399,623	-	-
Mutual Funds				
Fixed Income	702,125	702,125	-	-
Real Assets	59,265	59,265	-	-
Equity Securities	909,346	909,346	-	-
Total Mutual Funds	1,670,736	1,670,736	-	-
Total Investments by Fair Value Level	$ 2,070,359	$ 2,070,359	$ -	$ -

NOTE 4 – CAPITAL ASSETS

The following is a summary of Capital Assets as of December 31, 2025:

	Beginning	Additions	Deductions	Ending
Nondepreciable Assets:				
Land	$ 52,541	$ -	$ -	$ 52,541
Depreciable Assets:				
Right of Use Assets	149,456	245,055	(149,456)	245,055
Leasehold Improvements	53,456	-	-	53,456
Equipment	339,110	11,369	-	350,479
	594,563	256,424	(149,456)	701,531
Accumulated Depreciation	(287,270)	(114,220)	74,425	(327,065)
Net Book Value	$ 307,293			$ 374,466

Significant Activity
Significant activity includes the early termination of the prior office lease and the capitalization of a new right-of-use asset and corresponding lease liability related to a new office lease agreement.

NOTE 5 – NOTES RECEIVABLE

In November 2012, the Authority loaned $1,000,000 to Bath Housing Development Corporation (BHDC), a related party, 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. As of December 31, 2025, the outstanding principal on this loan was $438,749. During 2025, the Authority earned interest on this loan in the amount of $18,716.

The following table summarizes the future maturities of this note receivable:

	Principal	Interest	Total
2026	56,190	16,528	72,718
2027	58,480	14,238	72,718
2028	60,862	11,856	72,718
2029	63,342	9,376	72,718
2030	65,922	6,796	72,718
2031-2035	133,953	5,423	139,376
Total	438,749	64,217	502,966

NOTE 7 – NONCURRENT LIABILITIES

The following is a summary of Noncurrent Liabilities as of December 31, 2025:

	Beginning	Additions	Deductions	Ending	Due Within One Year
Compensated Absences	$ 49,809	$ 105,336	$ (100,602)	$ 54,543	$ 35,932
Lease Obligations	101,737	245,055	(132,457)	214,335	65,486
OPEB Liability	51,980	11,011	(1,354)	61,637	-
	$ 203,526	$ 361,402	$ (234,413)	330,515	$ 101,418
			Less: Current Portion	(101,418)	
			Noncurrent Portion	$ 229,097	

NOTE 8 – LEASE LIABILITY

On July 1, 2025, the Authority entered into a lease agreement for office space with BHDC for an initial term of six months, expiring on December 31, 2025. Provided the Authority is not in default, the lease automatically renews on January 1, 2026 for three successive terms of three years each. The lease requires monthly payments of $6,766 through December 31, 2028. During the year ended December 31, 2025 amortization of right-of-use assets was $35,008 and lease interest expense was $9,875.

Right of use assets classified as lease liabilities consist of:

Assets	
Office Space Leases	$ 245,055
Less Accumulated Amortization	(35,008)
Total	$ 210,047

The following table summarizes the future payments included in the measurement of the lease liability:

	Principal	Interest	Total
2026	$ 65,486	$ 15,706	$ 81,192
2027	71,274	9,918	81,192
2028	77,575	3,617	81,192
2029	-	-	-
2030	-	-	-
Total	$ 214,335	$ 29,241	$ 243,576

NOTE 9 – OTHER POST EMPLOYEE BENEFITS (OPEB)

Plan Description
The Authority offers retirees who meet certain criteria OPEB. The plan, a defined benefit OPEB plan, is a single-employer plan administered by the Maine Municipal Employees Health Trust.

The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement in order 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 coverage for any reason shall not be eligible for subsequent enrollment.

Currently, there are nine active employees and no retired employees and spouses/survivors enrolled in the plan.

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB statement 75.

Benefits Provided
Medical/Prescription Drug – The non-Medicare retirees are offered the same plans that are available to the active employees, as describe in the benefit 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 $3,000 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 $3,000 life insurance benefit as well.

Dental – Prior to January 1, 2017, retirees do not have access to dental benefits. Retirees who retire on and after January 1, 2017 have access to purchase dental coverage at the plan COBRA rates. Since retirees pay for the coverage and rates are set to mirror plan experience costs, no additional obligation is anticipated. Program experience will be monitored with future valuations and updated as with all benefit provisions and assumptions.

Funding Policy
The contribution requirements of plan members and the Authority are established and may be amended through Authority policies. The required contribution is based on the projected pay-as-you-go financing requirements. For the year ended December 31, 2025, the Authority paid $229 on behalf of the Plan.

NOTE 9 – OTHER POST EMPLOYEE BENEFITS (OPEB) (CONT'D)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2024, rolled forward to January 1, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.38% per annum
Salary Increases	2.75% per annum
Discount Rate	4.08% per annum
Healthcare Trend Rates	Medicare blended rate decreasing from 9.76% in 2025 to 3.81% in 2045
	Non-medicare blended rate decreasing from 7.40% in 2025 to 3.81% in 2045

Mortality rates for healthy annuitants were based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Tables, respectively for males and females. Mortality rates for active employees were based on 83.5% and 88.6% of the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts at June 30, 2021.

Discount Rate

As of December 25, 2024, the Municipal Bond Rate was 4.08% per the Bond Buyer 20-Bond GO Index.

Sensitivity of the Net OPEB Liability to changes in the Discount Rate

The following presents the net OPEB liability of the Authority, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1 percentage-point higher (5.08%) than the current rate:

	1% Decrease (3.08%)	Discount Rate (4.08%)	1% Increase (5.08%)
Net OPEB Liability (Asset)	$ 71,426	$ 61,637	$ 53,568

Sensitivity of the Net OPEB Liability to changes in the Healthcare Trend Rates

The following presents the net OPEB liability of the Authority, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rate that is 1-percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	Decrease 1%	Baseline Trend	Increase 1%
Net OPEB Liability (Asset)	$ 51,938	$ 61,637	$ 73,762

NOTE 9 – OTHER POST EMPLOYEE BENEFITS (OPEB) (CONT'D)

Net OPEB Liability of the Authority

The Authority's net OPEB liability was measured as of January 1, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024, rolled forward to January 1, 2025. The components of the net OPEB liability of the Authority as of December 31, 2025, were as follows:

Total OPEB Liability	$	61,637
Plan Fiduciary Net Position		-
Authority's net OPEB Liability	$	61,637

Key assumptions changed since the prior actuarial valuation as follows:

The Getzen model was used to reflect rising healthcare costs.

Due to GASB 75 standards the discount rate was changed from 3.26% to 4.08%.

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning Balances	$ 51,980	$ -	$ 51,980
Service Cost	9,026	-	9,026
Interest	1,985	-	1,985
Differences between Expected and Actual Experience	-	-	-
Change in Assumptions	(1,125)	-	(1,125)
Benefit Payments	(229)	-	(229)
Net Changes	9,657	-	9,657
Ending Balances	$ 61,637	$ -	$ 61,637

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2025, the Authority recognized OPEB expense of $11,340 As of December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 3,291	$ 6,644
Differences between Projected and Actual Investment Earnings	-	-
Change in Assumptions	10,705	5,559
Contributions Made after Measurement Date	-	-
	$ 13,996	$ 12,203

NOTE 9 – OTHER POST EMPLOYEE BENEFITS (OPEB) (CONT'D)

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

Year ended		
2026	$	330
2027		(32)
2028		270
2029		269
2030		872
Thereafter		84

NOTE 10 – OTHER RETIREMENT PLANS

The Authority provides employees with a deferred compensation plan in accordance with IRC §457 and a defined contribution plan in accordance with IRC §401(a). Benefit eligible employees can contribute to the plans after 30 days of employment. Employees are vested immediately in both plans. For benefit eligible employees, the Authority makes a 6% contribution to the 401(a) plan. At ten years of employment, the Authority's contribution percentage to the 401(a) plan is increased to 7.5%. Benefit eligible employees are also auto enrolled into the 457(b) plan at 3% and can make contributions (pre or post tax). Plan participants can also self-direct their plan contributions. Employee contributions for 2025 were $37,887. Employer contributions for the same period were $64,359.

NOTE 11 – RELATED PARTY TRANSACTIONS

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 serves as management agent for properties owned by BHDC and earns management fees for these services. During the year ended December 31, 2025, the Authority charged $332,106 in management fees and was reimbursed $1,189,136 for administrative and maintenance services provided to BHDC-owned properties.

The Authority also provides project-based voucher (PBV) rental assistance to BHDC properties under Housing Assistance Payment (HAP) contracts established through prior HUD streamline conversions. Total PBV assistance paid to BHDC during the year was $788,105. ended December 31, 2025

NOTE 12– GUARANTEES

The Authority has guaranteed several loans between BHDC and Maine Housing as well as the line of credit between BHDC and M&T Bank. The loans mature at various dates ranging from February 2046 to February 2050. The line of credit is due upon the lender's demand. Maine Housing 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.

NOTE 12– GUARANTEES (CONT'D)

The following table summarizes the loan balances as of December 31, 2025 that have been guaranteed by the Authority:

Property	Loan Balance
806 Middle Street	$ 101,983
49 Elm Street	66,163
28 Maple Street	129,679
Line of Credit	332,063
Total	$ 629,888

NOTE 13 – HUD HOUSING VOUCHERS NET POSITION SUMMARY

A detailed breakdown of HCV Net Position is as follows:

	Unrestricted Net Position	HCV Restricted	Restricted Mainstream	Total
Beginning Net Position	$ 128,012	$ -	$ 14,859	$ 142,871
Revenues				
HUD Operating Grants	318,606	2,299,428	260,683	2,878,717
Investment Income	108	-		108
Fraud Recovery	585	286	300	1,171
Portability	49,008	-	-	49,008
Total Revenues	368,307	2,299,714	260,983	2,929,004
Expenses				
Operating	234,533	-	-	234,533
Housing Assistance Payments	44,815	2,299,714	270,993	2,615,522
Total Expenses	279,348	2,299,714	270,993	2,850,055
Change in Net Position	88,959	-	(10,010)	78,949
Ending Net Position	216,971	$ -	$ 4,849	$ 221,820
Net Pension & OPEB Balances	9,073			
Adjusted Unrestricted Net Position	$ 226,044			
HUD-Held Reserves (HHR)		$ 73,265	$ -	

NOTE 14 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

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

NOTE 15 – DATE OF MANAGEMENT'S REVIEW

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through June 15, 2026, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

BATH HOUSING AUTHORITY
OPEB REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025

Schedule of Changes in the Authority's Net OPEB Liability and Related Ratios

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service Cost	$ 9,026	$ 5,628	$ 6,406	$ 4,016	$ 3,485
Interest	1,985	1,612	857	642	654
Changes of Benefit Terms	-	-	-	-	-
Differences between Expected and Actual Experience	-	(3,728)	-	5,768	-
Changes of Assumptions	(1,125)	10,799	(4,703)	(1,512)	1,764
Benefit Payments	(229)	(71)	(16)	(1)	(1)
Net Change in Total OPEB Liability	9,657	14,240	2,544	8,913	5,902
Total OPEB Liability - Beginning	51,980	37,740	35,196	26,283	20,381
Total OPEB Liability - Ending	$ 61,637	$ 51,980	$ 37,740	$ 35,196	$ 26,283
Authority's Total OPEB Liability as a percentage of the total OPEB Liability	13.00%	10.96%	9.32%	8.69%	7.80%
Covered-Employee Payroll	$ 474,272	$ 474,272	$ 405,139	$ 405,139	$ 337,019

	2020	2019	2018	2017 - 2016
Total OPEB Liability				
Service Cost	$ 2,695	$ 2,982	$ 2,651	Information
Interest	1,055	856	680	not available
Changes of Benefit Terms	(419)	-	-	
Differences between Expected and Actual Experience	(9,620)	-	791	
Changes of Assumptions	3,629	(2,686)	2,423	
Benefit Payments	-	-	-	
Net Change in Total OPEB Liability	(2,660)	1,152	6,545	
Total OPEB Liability - Beginning	23,041	21,889	15,344	
Total OPEB Liability - Ending	$ 20,381	$ 23,041	$ 21,889	
Authority's Total OPEB Liability as a percentage of the total OPEB Liability	6.05%	8.47%	8.05%	
Covered-Employee Payroll	$ 337,019	$ 271,914	$ 271,914	

Notes to Schedule:

Benefit Changes: The Retiree Life Insurance amount increased from $2,000 to $3,000 as of April 1, 2024.

Changes of Assumptions: Effective for the 1/1/2025 measurement date the discount rate increased from 3.26% to 4.08%.

Bath Housing Authority (ME019)
BATH, ME
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 12/31/2025

	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.881 Moving to Work Demonstration Program	14.HCV MTW Demonstration Program for HCV program	Subtotal	ELIM	Total
111 Cash - Unrestricted	$450,278	$48,725	$28,242	$170,939		$698,184		$698,184
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted		$4,849	$0			$4,849		$4,849
114 Cash - Tenant Security Deposits								
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	$450,278	$53,574	$28,242	$170,939	$0	$703,033	$0	$703,033
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects								
124 Accounts Receivable - Other Government								
125 Accounts Receivable - Miscellaneous	$98,872					$98,872		$98,872
126 Accounts Receivable - Tenants			$0			$0		$0
126.1 Allowance for Doubtful Accounts -Tenants			$0			$0		$0
126.2 Allowance for Doubtful Accounts - Other	$0		$0			$0		$0
127 Notes, Loans, & Mortgages Receivable - Current	$56,190					$56,190		$56,190
128 Fraud Recovery		$5,254	$18,641			$23,895		$23,895
128.1 Allowance for Doubtful Accounts - Fraud		-$5,254	-$18,641			-$23,895		-$23,895
129 Accrued Interest Receivable	$96					$96		$96
120 Total Receivables, Net of Allowances for Doubtful Accounts	$155,158	$0	$0	$0	$0	$155,158	$0	$155,158
131 Investments - Unrestricted	$2,070,359					$2,070,359		$2,070,359
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	$1,330	$1	$483			$1,814		$1,814
150 Total Current Assets	$2,703,020	$53,575	$28,725	$170,939	$0	$2,956,259	$0	$2,956,259

Bath Housing Authority (ME019)
BATH, ME
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2025

	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.881 Moving to Work Demonstration Program	14.HCV MTW Demonstration Program for HCV program	Subtotal	ELIM	Total
161 Land	$52,541					$52,541		$52,541
162 Buildings	$245,055					$245,055		$245,055
163 Furniture, Equipment & Machinery - Dwellings								
164 Furniture, Equipment & Machinery - Administration	$350,479					$350,479		$350,479
165 Leasehold Improvements	$53,456					$53,456		$53,456
166 Accumulated Depreciation	-$327,065					-$327,065		-$327,065
167 Construction in Progress								
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	$374,466	$0	$0	$0	$0	$374,466	$0	$374,466
171 Notes, Loans and Mortgages Receivable - Non-Current	$382,559					$382,559		$382,559
174 Other Assets								
180 Total Non-Current Assets	$757,025	$0	$0	$0	$0	$757,025	$0	$757,025
200 Deferred Outflow of Resources	$11,800	$16	$2,180			$13,996		$13,996
290 Total Assets and Deferred Outflow of Resources	$3,471,845	$53,591	$30,905	$170,939	$0	$3,727,280	$0	$3,727,280
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	$11,954	$562	$2,115			$14,631		$14,631
321 Accrued Wage/Payroll Taxes Payable	$56,671	$856	$8,275			$65,802		$65,802
322 Accrued Compensated Absences - Current Portion	$28,990	$674	$6,268			$35,932		$35,932
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs								
333 Accounts Payable - Other Government								
342 Unearned Revenue								
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	$65,486					$65,486		$65,486
345 Other Current Liabilities								
346 Accrued Liabilities - Other								
310 Total Current Liabilities	$163,101	$2,092	$16,658	$0	$0	$181,851	$0	$181,851

Bath Housing Authority (ME019)
BATH, ME
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 12/31/2025

	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.881 Moving to Work Demonstration Program	14.HCV MTW Demonstration Program for HCV program	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	$148,849					$148,849		$148,849
354 Accrued Compensated Absences - Non Current	$15,015	$349	$3,247			$18,611		$18,611
357 Accrued Pension and OPEB Liabilities	$52,332	$255	$9,050			$61,637		$61,637
350 Total Non-Current Liabilities	$216,196	$604	$12,297	$0	$0	$229,097	$0	$229,097
300 Total Liabilities	$379,297	$2,696	$28,955	$0	$0	$410,948	$0	$410,948
400 Deferred Inflow of Resources	$10,239	$14	$1,950			$12,203		$12,203
508.4 Net Investment in Capital Assets	$160,131					$160,131		$160,131
511.4 Restricted Net Position		$4,849				$4,849		$4,849
512.4 Unrestricted Net Position	$2,922,178	$46,032	$0	$170,939	$0	$3,139,149		$3,139,149
513 Total Equity - Net Assets / Position	$3,082,309	$50,881	$0	$170,939	$0	$3,304,129	$0	$3,304,129
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$3,471,845	$53,591	$30,905	$170,939	$0	$3,727,280	$0	$3,727,280

Bath Housing Authority (ME019)
BATH, ME
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 12/31/2025

	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.881 Moving to Work Demonstration Program	14.HCV MTW Demonstration Program for HCV program	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue								
70400 Tenant Revenue - Other								
70500 Total Tenant Revenue	$0	$0	$0	$0	$0	$0	$0	$0
70600 HUD PHA Operating Grants		$279,720	$964,075		$1,634,922	$2,878,717		$2,878,717
70610 Capital Grants								
70800 Other Government Grants								
71100 Investment Income - Unrestricted	$298,068		$108			$298,176		$298,176
71200 Mortgage Interest Income	$18,716					$18,716		$18,716
71400 Fraud Recovery		$600	$571			$1,171		$1,171
71500 Other Revenue	$1,528,256		$49,008			$1,577,264	-$44,815	$1,532,449
71600 Gain or Loss on Sale of Capital Assets	$2,077					$2,077		$2,077
72000 Investment Income - Restricted								
70000 Total Revenue	$1,847,117	$280,320	$1,013,762	$0	$1,634,922	$4,776,121	-$44,815	$4,731,306
91100 Administrative Salaries	$492,859	$12,974	$124,785			$630,618		$630,618
91200 Auditing Fees	$17,766	$18	$216			$18,000		$18,000
91300 Management Fee								
91310 Book-keeping Fee								
91400 Advertising and Marketing								
91500 Employee Benefit contributions - Administrative	$167,329	$2,636	$41,903			$211,868		$211,868
91600 Office Expenses	$125,303	$1,048	$14,457			$140,808		$140,808
91700 Legal Expense	$2,361	$459	$545			$3,365		$3,365
91800 Travel	$10,107	$5	$59			$10,171		$10,171
91810 Allocated Overhead								
91900 Other	$62,890	$80	$2,832			$65,802		$65,802
91000 Total Operating - Administrative	$878,615	$17,220	$184,797	$0	$0	$1,080,632	$0	$1,080,632

Bath Housing Authority (ME019)
BATH, ME
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2025

	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.881 Moving to Work Demonstration Program	14.HCV MTW Demonstration Program for HCV program	Subtotal	ELIM	Total
92000 Asset Management Fee								
92100 Tenant Services - Salaries	$90,107					$90,107		$90,107
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services	$31,050					$31,050		$31,050
92400 Tenant Services - Other	$10,887					$10,887		$10,887
92500 Total Tenant Services	$132,044	$0	$0	$0	$0	$132,044	$0	$132,044
94100 Ordinary Maintenance and Operations - Labor	$315,929					$315,929		$315,929
94200 Ordinary Maintenance and Operations - Materials and Other	$5,690					$5,690		$5,690
94300 Ordinary Maintenance and Operations Contracts	$24,778	$1,635	$10,942			$37,355		$37,355
94500 Employee Benefit Contributions - Ordinary Maintenance	$108,188					$108,188		$108,188
94000 Total Maintenance	$454,585	$1,635	$10,942	$0	$0	$467,162	$0	$467,162
96110 Property Insurance								
96120 Liability Insurance	$7,910	$8	$94			$8,012		$8,012
96130 Workmen's Compensation	$12,512	$13	$152			$12,677		$12,677
96140 All Other Insurance	$15,880					$15,880		$15,880
96100 Total insurance Premiums	$36,302	$21	$246	$0	$0	$36,569	$0	$36,569
96200 Other General Expenses			$3,366			$3,366		$3,366
96210 Compensated Absences	$89,615	$1,725	$13,996			$105,336		$105,336
96300 Payments in Lieu of Taxes								
96600 Bad debt - Other		-$100	-$180			-$280		-$280
96000 Total Other General Expenses	$89,615	$1,625	$17,182	$0	$0	$108,422	$0	$108,422
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	$11,656	$13	$154	$0	$0	$11,823	$0	$11,823
96900 Total Operating Expenses	$1,602,817	$20,514	$213,321	$0	$0	$1,836,652	$0	$1,836,652
97000 Excess of Operating Revenue over Operating Expenses	$244,300	$259,806	$800,441	$0	$1,634,922	$2,939,469	-$44,815	$2,894,654

Bath Housing Authority (ME019)
BATH, ME
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 12/31/2025

	2 State/Local	14.879 Mainstream Vouchers	14.871 Housing Choice Vouchers	14.881 Moving to Work Demonstration Program	14.HCV MTW Demonstration Program for HCV program	Subtotal	ELIM	Total
97100 Extraordinary Maintenance								
97300 Housing Assistance Payments		$270,993	$2,299,714			$2,570,707	-$44,815	$2,525,892
97350 HAP Portability-In			$44,815			$44,815		$44,815
97400 Depreciation Expense	$113,522	$56	$642			$114,220		$114,220
90000 Total Expenses	$1,716,339	$291,563	$2,558,492	$0	$0	$4,566,394	-$44,815	$4,521,579
10010 Operating Transfer In			$1,463,983	$1,634,922		$3,098,905	-$3,098,905	$0
10020 Operating transfer Out				-$1,463,983	-$1,634,922	-$3,098,905	$3,098,905	$0
10100 Total Other financing Sources (Uses)	$0	$0	$1,463,983	$170,939	-$1,634,922	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$130,778	-$11,243	-$80,747	$170,939	$0	$209,727	$0	$209,727
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0		$0
11030 Beginning Equity	$2,951,531	$62,124	$80,747	$0	$0	$3,094,402		$3,094,402
11170 Administrative Fee Equity			$0			$0		$0
11180 Housing Assistance Payments Equity			$0			$0		$0
11190 Unit Months Available		348	1083	1737		3168		3168
11210 Number of Unit Months Leased		300	1083	1493		2876		2876

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

Board of Commissioners
Bath Housing Authority

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, 2025, 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 15, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bath Housing Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bath Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bath Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

Geel LLP

Geel LLP
Certified Public Accountants

Bristol, Connecticut
June 15, 2026

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

Board of Commissioners
Bath Housing Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited 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, 2025. 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 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, 2025.

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 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.

Geel LLP
Certified Public Accountants

Bristol, Connecticut
June 15, 2026

BATH HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2025

Federal Grantor / Pass-Through Grantor / Program	Assistance Listing Number	Pass-Through / Identification Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)			
Direct Programs:			
Section 8 Housing Choice Vouchers	14.871	ME019	$ 964,075
Mainstream Vouchers	14.879	ME019	279,720
Total Housing Voucher Cluster			1,243,795
Moving to Work Demonstration Program	14.881	ME019	1,634,922
Total Federal Expenditures			$ 2,878,717

See accompanying notes to
Schedule of Expenditures of Federal Awards.

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, change in net positions, or cash flows of the Authority.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The Authority has not elected to use the 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – PROGRAM COST

The amounts presented as federal expenditures represent only the federal portion of the actual program costs. Actual program costs, including the Authority’s portion, may be more than is shown on the schedule.

BATH HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weaknesses identified?	______	Yes	X	No
Significant deficiencies identified?	______	Yes	X	None Reported
Noncompliance material to financial statements noted?	______	Yes	X	No

Federal Awards

Internal control over major programs:

Material weaknesses identified?	______	Yes	X	No
Significant deficiencies identified?	______	Yes	X	None Reported
Type of auditor's report issued on compliance for major federal programs:	**Unmodified**			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______	Yes	X	No

Identification of major federal programs:

Assistance Listing Number(s)	Name of federal program or cluster
14.881	Moving to Work Demonstration Program

Dollar threshold used to distinguish between type A and type B programs:	$ 1,000,000			
Auditee qualified as a low-risk auditee?	X	Yes	______	No

II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

No current year audit findings reported.

III. Findings and Questioned Costs for Federal Awards

No current year audit findings reported.