

BATH HOUSING AUTHORITY

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

BATH HOUSING AUTHORITY

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BATH HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Bath Housing Authority
Bath, Maine

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Bath Housing Authority, as of and for the year ended December 31, 2023, 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 financial position of the business-type activities of the Bath Housing Authority, as of December 31, 2023, and the 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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 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 39 through 40, 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 41 through 43, 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 41 through 43, 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 13, 2024 on our consideration of the Bath Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bath Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bath Housing Authority's internal control over financial reporting and compliance.

Marcum LLP

Boston, MA
June 13, 2024

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2023

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, 2023, 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, 2023, with comparative data for the year ended December 31, 2022. 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, 2023 by \$2,950,845 (net position), representing an increase of \$61,050 from the prior year.
- Total revenues increased by \$746,613 from the prior year, while total expenses increased by \$551,322.
- The Authority's current ratio that measures liquidity decreased during the year from 20.46 to 18.35.
- The Authority's total debt increased from \$30,142 to \$149,456. The Authority's debt represents the lease liability (refer to Note 10 for additional details).

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2023

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

State/Local and Other Programs

Property Management

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

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2023

FINANCIAL ANALYSIS

Summary of Net Position

Presented below is the Authority's condensed summary of net position at December 31, 2023 compared to December 31, 2022. 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, 2023 and 2022

	2023	2022	Change	% Change
Current Assets	\$ 2,323,647	\$ 2,273,524	\$ 50,123	2.20%
Capital Assets	417,901	229,153	188,748	82.37%
Other Noncurrent Assets	492,740	544,617	(51,877)	-9.53%
Total Assets	3,234,288	3,047,294	186,994	6.14%
Deferred Outflows of Resources	8,983	10,508	(1,525)	-14.51%
Current Liabilities	126,644	111,129	15,515	13.96%
Noncurrent Liabilities	153,446	47,307	106,139	224.36%
Total Liabilities	280,090	158,436	121,654	76.78%
Deferred Inflows of Resources	12,336	9,571	2,765	28.89%
Net investment in capital assets	268,445	199,011	69,434	34.89%
Restricted	18,270	195,768	(177,498)	-90.67%
Unrestricted	2,664,130	2,495,016	169,114	6.78%
Total Net Position	\$ 2,950,845	\$ 2,889,795	\$ 61,050	2.11%

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2023

Total assets of the Authority at December 31, 2023 and 2022 were \$3,234,288 and \$3,047,294, respectively, a change of 6.14%. 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, 2023 and 2022 were \$280,090 and \$158,436, respectively, a change of 76.78%. Current liabilities include accounts payable, accrued liabilities and unearned revenue. Noncurrent liabilities are primarily made up of the OPEB liability and lease liability.

Deferred inflows and outflows of resources relate to the Authority's OPEB liability. In 2023, the Authority's deferred outflows decreased by \$1,525 and deferred inflows increased by \$2,765. These changes are the result of fluctuations in the actuarial valuation of the liability.

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, net of related capital debt outstanding. 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 \$169,114, or 6.78%, for the fiscal year.

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2023

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, 2023 compared to the year ended December 31, 2022. 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, 2023 and 2022

	2023	2022	Change	% Change
Revenue				
Operating Revenues	\$ 3,781,305	\$ 3,501,427	\$ 279,878	7.99%
Non-operating Revenues	220,433	(246,302)	466,735	-189.50%
Total Revenues	4,001,738	3,255,125	746,613	22.94%
Expenses				
Housing assistance payments	2,331,690	1,928,139	403,551	20.93%
Administration	721,297	674,344	46,953	6.96%
Repair and maintenance	522,329	455,960	66,369	14.56%
Tenant services	161,892	159,753	2,139	1.34%
Other general expenses	81,078	75,774	5,304	7.00%
Depreciation expense	84,931	60,258	24,673	40.95%
Insurance expense	31,029	26,812	4,217	15.73%
Utilities	5,744	6,375	(631)	-9.90%
Interest expense	698	1,951	(1,253)	-64.22%
Total Expenses	3,940,688	3,389,366	551,322	16.27%
Change in Net Position	61,050	(134,241)	195,291	-145.48%
Net Position - Beginning of Year	2,889,795	3,024,036	(134,241)	-4.44%
Net Position - End of Year	\$ 2,950,845	\$ 2,889,795	\$ 61,050	2.11%

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2023

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, 2022 to December 31, 2023 include the following:

- Operating revenues increased by \$279,878, or 7.99%, due to increases in funding for the Housing Choice Voucher and Mainstream Voucher Programs.
- Nonoperating revenues increased by \$466,735, or 189.50%, due to an increase in investment income, which was attributable to improved market conditions in 2023 compared to the prior year.
- Housing assistance payments increased by \$403,551, or 20.93%, due to contract rent increases within the City of Bath and surrounding area. Overall, the total number of vouchers leased through the Housing Choice Voucher and Mainstream Voucher Programs increased slightly compared to the prior year. In the prior year, HUD approved a waiver allowing the Authority to increase its payments standards to 120% of the fair market rent.
- Administrative expenses increased by \$46,953, or 6.96%, due to increases in employee salaries and benefits. Salaries increased due to cost of living increases, employee bonuses, and an increase in the number of employees. Employee benefits increased proportionately with salaries as well as due to an increase in increased health insurance costs.
- Repair and maintenance expenses increased by \$66,369, or 14.56%, due to increases in employee salaries and benefits.

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2023, capital assets, net of accumulated depreciation was \$417,901 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, 2022 to December 31, 2023:

CAPITAL ASSET ANALYSIS December 31, 2023 and 2022

	2023	2022	Change	% Change
Land	\$ 52,541	\$ 52,541	\$ --	0.00%
Right of Use Assets	208,487	59,031	149,456	253.18%
Furniture and equipment	391,300	289,036	102,264	35.38%
Leasehold improvements	53,456	53,456	--	0.00%
Total capital assets	705,784	454,064	251,720	55.44%
Accumulated depreciation	(287,883)	(224,911)	(62,972)	28.00%
Capital assets, net of accumulated depreciation	<u>\$ 417,901</u>	<u>\$ 229,153</u>	<u>\$ 188,748</u>	82.37%

The majority of the additions were attributable to right of use assets and furniture and equipment. During 2023, the Authority acquired two vehicles. The increase in the right of use asset relates to a modification for the office space lease (Refer to Note 10 for additional details). Additional information on the Authority's capital assets can be found at Note 7 in the notes to financial statements.

BATH HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2023

Long-Term Debt

At December 31, 2023, the Authority had total long-term debt of \$149,456, an increase of \$119,314 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 Note 10 to financial statements.

LONG TERM DEBT ANALYSIS

December 31, 2023 and 2022

	2023	2022	Change	% Change
Long term debt	\$ 149,456	\$ 30,142	\$ 119,314	395.84%

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

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, 80 Congress Ave, Bath, ME 04530.

BATH HOUSING AUTHORITY

STATEMENT OF NET POSITION

DECEMBER 31, 2023

ASSETS

Current Assets

Cash and cash equivalents	\$	397,269
Restricted cash		18,270
Accounts receivable, net		135,371
Interest receivable		119
Current portion of notes receivable		51,877
Investments		1,701,045
Prepaid expenses and other current assets		<u>19,696</u>
Total Current Assets		<u>2,323,647</u>

Noncurrent Assets

Notes receivable, net of current portion		492,740
Capital assets, non-depreciable		52,541
Capital assets, net of accumulated depreciation		<u>365,360</u>
Total Noncurrent Assets		<u>910,641</u>

TOTAL ASSETS 3,234,288

DEFERRED OUTFLOWS OF RESOURCES 8,983

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

BATH HOUSING AUTHORITY

STATEMENT OF NET POSITION (CONTINUED)

DECEMBER 31, 2023

LIABILITIES

Current Liabilities

Accounts payable	\$	17,556
Current portion of leases payable		47,721
Accrued wages and current portion of compensated absences		<u>61,367</u>
Total Current Liabilities		<u>126,644</u>

Noncurrent Liabilities

Leases payable, net of current portion		101,735
Accrued compensated absences, net of current portion		13,971
OPEB liability		<u>37,740</u>
Total Noncurrent Liabilities		<u>153,446</u>

TOTAL LIABILITIES 280,090

DEFERRED INFLOWS OF RESOURCES 12,336

NET POSITION

Net investment in capital assets		268,445
Restricted:		
Housing assistance payments		18,270
Unrestricted		<u>2,664,130</u>

TOTAL NET POSITION \$ 2,950,845

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, 2023

OPERATING REVENUES

HUD grants	\$ 2,447,698
Management Fees	1,285,551
Other government grants	27,684
Other revenue	<u>20,372</u>
Total Operating Revenues	<u>3,781,305</u>

OPERATING EXPENSES

Housing assistance payments	2,331,690
Administration	721,297
Repair and maintenance	522,329
Tenant services	161,892
Other general expenses	81,078
Depreciation expense	84,931
Insurance expense	31,029
Utilities	<u>5,744</u>
Total Operating Expenses	<u>3,939,990</u>

Operating Loss (158,685)

NONOPERATING REVENUES (EXPENSES)

Interest expense	(698)
Interest and investment revenue	<u>220,433</u>
Total Nonoperating Revenues (Expenses)	<u>219,735</u>

Change in Net Position 61,050

Net Position, Beginning of Year 2,889,795

Net Position, End of Year \$ 2,950,845

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

BATH HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

HUD grants	\$ 2,447,698
Other government grants	27,684
Receipts from tenants	1,962
Other operating receipts	1,251,931
Payments to employees	(1,164,108)
Payments to suppliers	(364,716)
Payments to landlords	<u>(2,331,690)</u>
Net cash used in operating activities	<u>(131,239)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from sale of capital assets	14,000
Interest expense	(698)
Lease payments	(30,142)
Acquisitions of capital assets	<u>(124,223)</u>
Net cash used in capital and related financing activities	<u>(141,063)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	70,825
Proceeds from the sale of investments	1,110,072
Purchase of investments	(1,104,998)
Proceeds from the collection on notes receivable	<u>49,846</u>
Net cash provided by investing activities	<u>125,745</u>

Net decrease in cash, cash equivalents and restricted cash (146,557)

Cash, cash equivalents and restricted cash, beginning of year 562,096

Cash, cash equivalents and restricted cash, end of year \$ 415,539

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, 2023

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

Operating Loss	\$ (158,685)
Adjustments:	
Depreciation	84,931
Gain on sale of capital assets	(14,000)
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, other	(38,030)
(Increase) decrease in prepaid expenses and other current assets	(12,085)
(Decrease) increase in accounts payable	(3,775)
(Decrease) increase in compensated absences and accrued wages	3,571
(Decrease) increase in OPEB liability, and deferred inflow/outflows of resources	6,834
Net cash used in operating activities	<u><u>\$ (131,239)</u></u>

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

Cash and cash equivalents	\$ 397,269
Restricted cash - current	<u>18,270</u>
Total cash, cash equivalents and restricted cash per Statement of Net Position	<u><u>\$ 415,539</u></u>

Supplemental Disclosure of Cash Flow Information:

Change in fair value of investments	<u>\$ 144,321</u>
Increase in Right of Use Asset and Lease Liability	<u>\$ 149,456</u>

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

BATH HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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

Section 8 Housing Choice Voucher and the Mainstream Voucher Program – 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.

Local 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.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

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

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

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

BASIS OF PRESENTATION AND ACCOUNTING

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

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

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

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING STANDARDS ADOPTED

During 2023, the Authority adopted the following accounting standards that did not impact the Authority's financial statements: GASB Statement Number 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and Statement Number 96 *Subscription-Based Information Technology Arrangements*.

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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 acquisition 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:

Right of Use Asset	Lease Term
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 2023.

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. EBT payout is capped at 120 hours per employee. Total accrued compensated absences at December 31, 2023 aggregated \$39,969.

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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NON-OPERATING REVENUES AND EXPENSE

The Authority's nonoperating revenues relate primarily to interest / investment income. 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)*.

LEASES (AS LESSEE)

The Authority recognizes a lease obligation and an intangible right-to-use lease 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.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The Authority routinely engages in subscription-based information technology arrangements (SBITA) to meet operating needs. A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendors) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The Authority assessed that there were no material SBITAs requiring recognition or disclosure in the financial statements for the year ended December 31, 2023.

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, 2023.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net assets that applies to future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. These consist of the deferral of the recognition of revenues and expenses until the future period to which the outflows and inflows are related. The Authority's deferred outflows and inflows of resources are related to OPEB.

APPLICATION OF RESOURCES

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

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 13, 2024, which is the date these financial statements were available to be issued. Except as disclosed below, there were no subsequent events requiring recognition or disclosure in these financial statements.

In May 2024, the Authority executed the Moving-To-Work Demonstration Program (MTW) ACC Amendment. The Authority is part of the MTW flexibility for smaller PHAs II Cohort. This cohort will test the overall effects of MTW flexibility on a PHA and the residents it serves, with a focus on administrative efficiencies.

NOTE 3 – NET POSITION

Net position is reported in three categories:

Net 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. At December 31, 2023, the net investment in capital assets was \$268,445.

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, 2023, restrictions of \$18,270 represent the net position restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments

Unrestricted Net Position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”. At December 31, 2023, unrestricted net position was \$2,664,130.

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Custodial Credit Risk – Cash Deposits

At times, the Authority’s balances may exceed the Federal insurance limits; however, the Authority has not experienced any losses with respect to its bank balance in excess of government provided insurance. Management believes that no significant risk exists with respect to cash balances as of December 31, 2023.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

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 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.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

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, 2023:

Investments by fair value level	12/31/2023	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	\$ 32,874	\$ 32,874	\$ --	\$ --
Consumer Discretionary	43,136	43,136	--	--
Consumer Staples	19,189	19,189	--	--
Energy	18,505	18,505	--	--
Financials	46,874	46,874	--	--
Health Care	38,998	38,998	--	--
Industrials	23,342	23,342	--	--
Information Technology	86,653	86,653	--	--
Materials	7,690	7,690	--	--
Real Estate Investment Trusts	10,049	10,049	--	--
Utilities	8,868	8,868	--	--
Total Equity Securities	336,178	336,178	--	--
Mutual Funds:				
Fixed Income	587,623	587,623	--	--
Real Assets	48,117	48,117	--	--
Equity Securities	729,127	729,127	--	--
Total Mutual Funds	1,364,867	1,364,867	--	--
Total Investments by Fair Value Level	\$ 1,701,045	\$ 1,701,045	\$ --	\$ --

NOTE 5 – RESTRICTED CASH

The Authority's restricted cash balance of \$18,270 consists of funds restricted for future HAP payments. This amount supports a corresponding restricted net position.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 – ACCOUNTS RECEIVABLE

The following is a listing of receivables for the Authority including the applicable allowances for uncollectible accounts at December 31, 2023. Management determined that no allowance was necessary at December 31, 2023.

Category of Receivable	Amount
Due from BHDC	\$ 134,441
Miscellaneous	930
Accounts receivable	<u>\$ 135,371</u>

NOTE 7 – CAPITAL ASSETS

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

	January 1, 2023	Increases	Decreases	December 31, 2023
Capital assets not being depreciated				
Land	\$ 52,541	\$ --	\$ --	\$ 52,541
Total capital assets not being depreciated	<u>52,541</u>	<u>--</u>	<u>--</u>	<u>52,541</u>
Capital assets being depreciated				
Right of Use Assets	59,031	149,456	--	208,487
Leasehold improvements	53,456	--	--	53,456
Furniture, equipment & machinery	289,036	124,223	(21,959)	391,300
Total capital assets being depreciated	<u>401,523</u>	<u>273,679</u>	<u>(21,959)</u>	<u>653,243</u>
Less accumulated depreciation				
Right of Use Assets	29,516	29,515	--	59,031
Leasehold improvements	10,453	5,501	--	15,954
Furniture, equipment & machinery	184,942	49,915	(21,959)	212,898
Total accumulated depreciation	<u>224,911</u>	<u>84,931</u>	<u>(21,959)</u>	<u>287,883</u>
Capital Assets Net	<u>\$ 229,153</u>	<u>\$ 188,748</u>	<u>\$ --</u>	<u>\$ 417,901</u>
Depreciation expense was charged to:				
State/Local Programs		<u>\$ 84,931</u>		

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023, the outstanding principal on this loan was \$544,617. During 2023, the Authority earned interest on this loan in the amount of \$22,860.

NOTE 9 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended December 31, 2023 is as follows:

	January 1, 2023	Additions	Reductions	December 31, 2023	Amount due within one year
Compensated Absences	\$ 34,933	\$ 81,064	\$ (76,028)	\$ 39,969	\$ 25,998
OPEB Liability	<u>35,196</u>	<u>7,263</u>	<u>(4,719)</u>	<u>37,740</u>	<u>--</u>
Total	<u>\$ 70,129</u>	<u>\$ 88,327</u>	<u>\$ (80,747)</u>	<u>\$ 77,709</u>	<u>\$ 25,998</u>

NOTE 10 – LEASE LIABILITY

In 2015, the Authority entered into a lease agreement for office space with Bath Housing Development Corporation for an initial term of 3 years expiring on December 31, 2017. This lease would automatically be renewed for 2 successive 3-year terms, provided that the Authority was not in default. The Authority is currently in the final 3-year term which expires on December 31, 2023. The rent for this term is \$2,570 per month. In December 2023, the lease agreement was amended which resulted in a change in the lease term. The amended lease required monthly payments of \$4,429 through December 2026. The amended lease includes 2 three year extension terms which have not been included in the measurement of the lease liability. During the year ended December 31, 2023, amortization of right-of-use assets was \$29,515 and lease interest expense was \$698.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10 – LEASE LIABILITY (CONTINUED)

Right of use assets classified as lease liabilities consisted of:

Assets	
Office Space Lease	\$ 208,487
Less Accumulated Amortization	<u>(59,031)</u>
Total	<u>\$ 149,456</u>

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

Year	Principal	Interest
2024	\$ 47,721	\$ 5,429
2025	49,789	3,361
2026	<u>51,946</u>	<u>1,204</u>
	<u>\$ 149,456</u>	<u>\$ 9,994</u>

NOTE 11 – REAL ESTATE TAXES

Property owned by the Authority is exempt from local real estate taxes.

NOTE 12 – 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.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(CONTINUED)

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 – 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.

PLAN MEMBERSHIP

At December 31, 2023, there are 8 active employees and no retired employees enrolled in the plan.

TOTAL OPEB LIABILITY

The Authority's total OPEB liability of \$37,740 was measured as of January 1, 2023 and was determined by an actuarial valuation as of January 1, 2022.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS

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

Actuarial Cost Method	Individual Entry Age Normal
Municipal Bond Rate	3.72% as of December 29, 2022 (Source: Bond Buyer 20-Go Index)
Discount Rate	3.72%
Inflation	3.00%
Salary Increase	2.75%

Rate of Mortality - Healthy Annuitant	Rates of mortality are based on 112.1 % and 118.5% of the 2010 Public Plan General Benefits Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC 2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale.
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Rate of Mortality - Active Employee	Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC 2020 model as described in the healthy annuitant mortality
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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, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020.
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Healthcare Trend	The Medicare blended rate is expected to increase at a decreasing rate from 7.26% in 2022 to 4.55% in 203. The Non-Medicare blended rate is expected to increase at a decreasing rate from 7.95% in 2022 to 4.55% in 2043.
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Withdrawal Rates	Plan participants are expected to withdraw from the plan at a decreasing rate, based on years of service franging from 28% with 0 years of service to 0% with 26+ years of service
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Retirement Rates	Plan participants are expected to retirement at an increasing rate ranging from 6% for those aged 57 to 100% for those aged 75+.
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BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

CHANGES IN THE TOTAL OPEB LIABILITY

Balance at beginning of year	\$	35,196
Changes for the year:		
Service cost		6,406
Interest		857
Changes of Assumptions		(4,703)
Benefit payments		<u>(16)</u>
Net changes		<u>2,544</u>
Balance at end of year	\$	<u>37,740</u>

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

The following table presents the Plan’s total OPEB liability, calculated using the discount rate of 3.72% 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 2.72%	Current Discount 3.72%	1% Increase 4.72%
Total OPEB liability	\$ <u>44,525</u>	\$ <u>37,740</u>	\$ <u>32,267</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>31,166</u>	\$ <u>37,740</u>	\$ <u>46,241</u>

BATH HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

**NOTE 12 – 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, 2023, the Authority recognized OPEB expenses of \$6,849. 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, 2023, 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	\$ 4,749	\$ 5,772
Changes of assumptions	4,234	6,564
Total	\$ 8,983	\$ 12,336

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

Year	Deferred Outflows (Inflows) of Resources
2024	\$ (414)
2025	(414)
2026	(413)
2027	(775)
2028	(473)
Thereafter	(864)
Total	\$ (3,353)

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 13 – OTHER 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). Benefit eligible employees can contribute to the plans after 30 days of employment. Employees are vested immediately in both plans. For benefits 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%. Benefits eligible employees are also auto enrolled into the 457(b) at 3% and can make contributions (pre or post tax) to their 457(b). Plan participants can also self-direct their plan contributions. Employee contributions to the plans for 2023 were \$28,225. Employer contributions for the same period were \$50,175.

NOTE 14 – 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 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 \$307,241 of management fees and was reimbursed \$967,400 for administrative and maintenance services for the year ended December 31, 2023.

BATH HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 15 – RELATED PARTY TRANSACTIONS (CONTINUED)

At December 31, 2023, the Authority was owed \$134,441 for services provided to BHDC. For the year ended December 31, 2023, the Authority made housing assistance payments on behalf of residents living in properties owned by BHDC of \$979,508.

NOTE 16 – 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. The following table summarizes the loan balances at December 31, 2023 that have been guaranteed by the Authority.

Property	Loan Balance
806 Middle Street	\$ 107,587
49 Elm Street	69,668
28 Maple Street	135,804
470 Washington Street	153,981
Lincoln Street	281,765
Line of Credit	116,704
Total	\$ 865,509

BATH HOUSING AUTHORITY

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST SIX 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
2023	\$ 35,196	\$ 6,406	\$ 857	--	\$ --	\$ (4,703)	\$ (16)	\$ 2,544	\$ 37,740
2022	\$ 26,283	\$ 4,016	\$ 642	--	\$ 5,768	\$ (1,512)	\$ (1)	\$ 8,913	\$ 35,196
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
2023	\$ 405,139	9.32%
2022	\$ 405,139	8.69%
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, 2023

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

Effective December 31, 2023;

- Discount rate is 3.72%, previously 2.06%
- Ultimate medical trends were aligned to the higher inflation environment.

BATH HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2023

FDS Line Item	Description	Housing Choice Vouchers	Mainstream Vouchers	State/Local	Eliminations	Total
111	Cash - Unrestricted	98,031	24,529	274,709	--	397,269
113	Cash - Other Restricted	1,011	17,259	--	--	18,270
100	Total Cash	99,042	41,788	274,709	--	415,539
125	Accounts Receivable - Miscellaneous	--	--	135,371	--	135,371
127	Notes, Loans, & Mortgages Receivable - Current	--	--	51,877	--	51,877
129	Accrued Interest Receivable	--	--	119	--	119
120	Total Receivables, Net of Allowances for Doubtful Accounts	--	--	187,367	--	187,367
131	Investments - Unrestricted	--	--	1,701,045	--	1,701,045
142	Prepaid Expenses and Other Assets	2	--	3,196	--	3,198
143	Inventories	--	--	16,498	--	16,498
150	Total Current Assets	99,044	41,788	2,182,815	--	2,323,647
161	Land	--	--	52,541	--	52,541
162	Buildings	--	--	208,487	--	208,487
164	Furniture, Equipment & Machinery - Administration	--	--	391,300	--	391,300
165	Leasehold Improvements	--	--	53,456	--	53,456
166	Accumulated Depreciation	--	--	(287,883)	--	(287,883)
160	Total Capital Assets, Net of Accumulated Depreciation	--	--	417,901	--	417,901
171	Notes, Loans and Mortgages Receivable - Non-Current	--	--	492,740	--	492,740
180	Total Non-Current Assets	--	--	910,641	--	910,641
200	Deferred Outflow of Resources	1,342	--	7,641	--	8,983
290	Total Assets and Deferred Outflow of Resources	100,386	41,788	3,101,097	--	3,243,271
312	Accounts Payable <= 90 Days	171	--	17,385	--	17,556
321	Accrued Wage/Payroll Taxes Payable	5,865	288	29,216	--	35,369
322	Accrued Compensated Absences - Current Portion	3,173	157	22,668	--	25,998
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	--	--	47,721	--	47,721
310	Total Current Liabilities	9,209	445	116,990	--	126,644
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	--	--	101,735	--	101,735
354	Accrued Compensated Absences - Non Current	1,706	84	12,181	--	13,971
357	Accrued Pension and OPEB Liabilities	5,751	19	31,970	--	37,740
350	Total Non-Current Liabilities	7,457	103	145,886	--	153,446
300	Total Liabilities	16,666	548	262,876	--	280,090
400	Deferred Inflow of Resources	1,926	33	10,377	--	12,336

See Independent Auditors' Report

BATH HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2023

FDS Line Item	Description	Housing Choice Vouchers	Mainstream Vouchers	State/Local	Eliminations	Total
508.4	Net Investment in Capital Assets	--	--	268,445	--	268,445
511.4	Restricted Net Position	1,011	17,259	--	--	18,270
512.4	Unrestricted Net Position	80,783	23,948	2,559,399	--	2,664,130
513	Total Equity - Net Assets / Position	81,794	41,207	2,827,844	--	2,950,845
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	100,386	41,788	3,101,097	--	3,243,271
70500	Total Tenant Revenue	--	--	--	--	--
70600	HUD PHA Operating Grants	2,222,491	225,207	--	--	2,447,698
70700	Total Fee Revenue	--	--	--	--	--
70800	Other Government Grants	--	--	27,684	--	27,684
71100	Investment Income - Unrestricted	74	--	197,499	--	197,573
71200	Mortgage Interest Income	--	--	22,860	--	22,860
71400	Fraud Recovery	1,962	--	--	--	1,962
71500	Other Revenue	10,471	462	1,296,156	(17,128)	1,289,961
71600	Gain or Loss on Sale of Capital Assets	--	--	14,000	--	14,000
70000	Total Revenue	2,234,998	225,669	1,558,199	(17,128)	4,001,738
91100	Administrative Salaries	128,458	6,098	251,488	--	386,044
91200	Auditing Fees	909	34	17,047	--	17,990
91500	Employee Benefit contributions - Administrative	38,837	1,053	84,538	--	124,428
91600	Office Expenses	12,869	558	111,016	--	124,443
91700	Legal Expense	--	--	554	--	554
91800	Travel	60	5	6,130	--	6,195
91900	Other	5,854	203	55,586	--	61,643
91000	Total Operating - Administrative	186,987	7,951	526,359	--	721,297
92100	Tenant Services - Salaries	--	--	88,984	--	88,984
92300	Employee Benefit Contributions - Tenant Services	--	--	38,434	--	38,434
92400	Tenant Services - Other	--	--	34,474	--	34,474
92500	Total Tenant Services	--	--	161,892	--	161,892
93200	Electricity	71	6	2,838	--	2,915
93300	Gas	--	5	--	--	5
93400	Fuel	68	--	2,756	--	2,824
93000	Total Utilities	139	11	5,594	--	5,744
94100	Ordinary Maintenance and Operations - Labor	--	--	336,184	--	336,184
94200	Ordinary Maintenance and Operations - Materials and Other	141	4	11,843	--	11,988
94300	Ordinary Maintenance and Operations Contracts	19,523	2	35,271	--	54,796
94500	Employee Benefit Contributions - Ordinary Maintenance	--	--	119,361	--	119,361
94000	Total Maintenance	19,664	6	502,659	--	522,329

See Independent Auditors' Report

BATH HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2023

FDS Line Item	Description	Housing Choice Vouchers	Mainstream Vouchers	State/Local	Eliminations	Total
95000	Total Protective Services	--	--	--	--	--
96120	Liability Insurance	704	12	6,112	--	6,828
96130	Workmen's Compensation	618	14	6,962	--	7,594
96140	All Other Insurance	--	--	16,607	--	16,607
96100	Total insurance Premiums	1,322	26	29,681	--	31,029
96210	Compensated Absences	11,734	842	68,502	--	81,078
96000	Total Other General Expenses	11,734	842	68,502	--	81,078
96710	Interest of Mortgage (or Bonds) Payable	--	--	698	--	698
96700	Total Interest Expense and Amortization Cost	--	--	698	--	698
96900	Total Operating Expenses	219,846	8,836	1,295,385	--	1,524,067
97000	Excess of Operating Revenue over Operating Expenses	2,015,152	216,833	262,814	(17,128)	2,477,671
97300	Housing Assistance Payments	2,102,524	229,166	--	--	2,331,690
97350	HAP Portability-In	9,576	7,552	--	(17,128)	--
97400	Depreciation Expense	--	--	84,931	--	84,931
90000	Total Expenses	2,331,946	245,554	1,380,316	(17,128)	3,940,688
10100	Total Other financing Sources (Uses)	--	--	--	--	--
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(96,948)	(19,885)	177,883	--	61,050
11030	Beginning Equity	178,742	61,092	2,649,961	--	2,889,795
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	--	--	--	--	--
11190	Unit Months Available	2,820	348	--	--	3,168
11210	Number of Unit Months Leased	2,629	300	--	--	2,929

See Independent Auditors' Report

BATH HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through		Total Federal Expenditures
		Entity Identifying Number	Provided to Sub-recipients	
Department of Housing & Urban Development (HUD)				
Housing Voucher Cluster				
Housing Choice Vouchers	14.871	--	\$ --	\$ 2,222,491
Mainstream Vouchers	14.879	--	--	225,207
Total Housing Voucher Cluster			--	2,447,698
Total Department of Housing & Urban Development			--	2,447,698
Total Expenditures of Federal Awards			\$ --	\$ 2,447,698

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, 2023

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, 2023. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Bath Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of Bath Housing Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. For performance-based awards, expenditures reported represent amounts earned.

NOTE 3 – INDIRECT COST RATE

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

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

**To The Board of Commissioners
Bath Housing Authority
Bath, Maine**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Bath Housing Authority as of and for the year ended December 31, 2023, 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 13, 2024.

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 Bath Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Bath Housing Authority'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 Bath Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Boston, MA
June 13, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To The Board of Commissioners
Bath Housing Authority
Bath, Maine**

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 the Bath Housing Authority's major federal program for the year ended December 31, 2023. The Bath Housing Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Bath Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

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 the 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 the 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 the 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 the 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 the 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 the 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 the 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 the 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

Boston, MA
June 13, 2024

BATH HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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:

Assistance Listing Number **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, 2023

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No prior audit findings.

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

To The Board of Commissioners
Bath Housing Authority
Bath, Maine

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

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

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

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

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

We were engaged to perform an audit in accordance with the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)*, by the Authority as of and for the year ended December 31, 2023 and have issued our reports thereon dated June 13, 2024. 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 13, 2024, 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

Boston, MA
June 13, 2024