

Federal Compliance Audit

# Auburn Housing Authority

March 31, 2021



*Proven Expertise & Integrity*

AUBURN HOUSING AUTHORITY

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MARCH 31, 2021

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Auburn Housing Authority  
Auburn, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Auburn Housing Authority, as of and for the year ended March 31, 2021 and the related notes to the financial statements, which collectively comprise the Auburn Housing Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

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 Auburn Housing Authority as of March 31, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and OPEB information on pages 4 through 9 and 54 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Auburn Housing Authority's basic financial statements. The supplemental financial data schedule and schedule of capital grant fund costs - completed are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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* and is also not a required part of the basic financial statements.

The supplemental financial data schedule, the schedule of capital grant costs - completed and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental financial data schedule, the schedule of capital grant costs - completed 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 also issued our report dated December 16, 2021, on our consideration of the Auburn Housing Authority internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the Auburn Housing Authority's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
December 16, 2021

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2021**

**(UNAUDITED)**

The following management's discussion and analysis of the Auburn Housing Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended March 31, 2021. Please read it in conjunction with the Authority's financial statements.

**Financial Statement Overview**

The Auburn Housing Authority's basic financial statements include the following components: 1) government-wide financial statements and 2) notes to the financial statements. This report also includes required supplementary information which consists of pension and OPEB information and other supplementary information which includes other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in the entity-wide perspective as the Authority only has one fund. The basic financial statements include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Authority's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Authority's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following three statements:

The Statement of Net Position - this statement presents *all* of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Changes in Revenues, Expenses and Net Position - this statement presents information that shows how the Authority's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows - this statement presents the classification of cash receipts and payments according to whether they are from operating activities, investing activities, capital and related financing activities or noncapital financing activities.

All of the above-mentioned financial statements have a separate column for the one type of Authority activity. The type of activity presented for the Authority is:

- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and / or charges to external users for goods and/or services. These activities for the Authority include all funds.

Fund financial statements are not presented as all activity for the Authority is proprietary in nature. The activity of the Authority is presented for the following:

*Proprietary Funds:* The Authority maintains one major proprietary fund. These funds are used to show activities that operate more like those of commercial enterprises.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide Financial Statements. The Notes to Financial Statements can be found following the Statement of Cash Flows.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions - Pension, Schedule of Proportionate Share of Net OPEB Liability - Group Life, Schedule of Changes in Net OPEB Liability - Health Plan, Schedule of Changes in Net OPEB Liability and Related Ratios - Health Plan, Schedule of Contributions - OPEB and Notes to Required Supplementary Information.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. The combining schedules provide specific details on the Authority's program activities.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Authority's business-type activities. The Authority's business-type net position increased by \$2,384,290 from \$21,787,756 to \$24,172,046. The increase in business-



type activities was due to rental revenues, intergovernmental and miscellaneous received in excess of expenditures. Of this increase, \$667,850 was from net investment in capital assets.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased for business-type activities by \$1,352,458 from \$8,808,961 to a balance of \$10,161,419 at the end of this year.

**Table 1**  
**Auburn Housing Authority**  
**Net Position**  
**March 31,**

	<b>Business-type Activities</b>	
	<b>2021</b>	<b>2020</b>
Assets:		
Current	\$ 13,223,115	\$ 11,320,156
Noncurrent Assets:		
Capital Assets	12,720,716	12,642,363
Other	611,000	611,000
Total Assets	<u>\$ 26,554,831</u>	<u>\$ 24,573,519</u>
Deferred Outflows of Resources	<u>\$ 236,488</u>	<u>\$ 222,651</u>
Liabilities:		
Current Liabilities	\$ 1,261,165	\$ 1,103,518
Noncurrent Liabilities	1,241,962	1,698,622
Total Liabilities	<u>\$ 2,503,127</u>	<u>\$ 2,802,140</u>
Deferred Inflows of Resources	<u>\$ 116,146</u>	<u>\$ 206,274</u>
Net Position:		
Net Investment in Capital Assets	\$ 11,970,584	\$ 11,302,734
Restricted	2,040,043	1,676,061
Unrestricted	10,161,419	8,808,961
Total Net Position	<u>\$ 24,172,046</u>	<u>\$ 21,787,756</u>

**Table 2**  
**Auburn Housing Authority**  
**Changes in Net Position**  
**For the Years Ended March 31,**

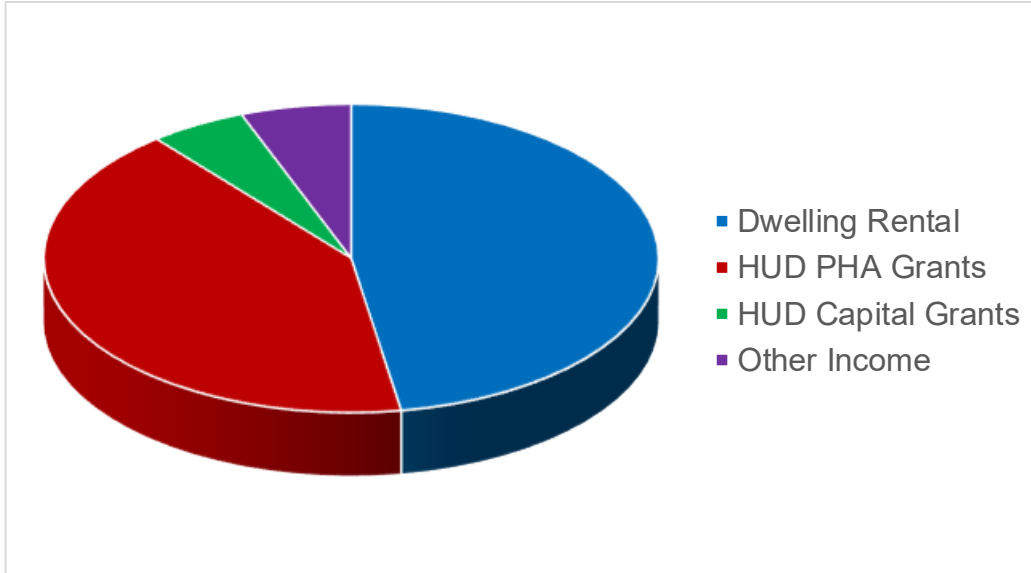
	<b>Business-type Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenues</b>		
Rental revenues	\$ 4,689,349	\$ 4,640,075
Intergovernmental	4,628,443	3,736,746
Interest	10,911	179,238
Miscellaneous	564,022	248,450
Total Revenues	9,892,725	8,804,509
<b>Expenses</b>		
Housing assistance payments	2,969,261	2,748,650
Administration	1,207,352	1,183,495
Tenant services	296,966	249,940
Utilities	619,463	655,299
Repairs and maintenance	933,094	976,006
Insurance expense	158,630	159,709
Depreciation and amortization expense	875,444	879,057
Interest expense	84,938	144,939
Other general expenses	363,287	379,424
Total Expenses	7,508,435	7,376,519
Change in Net Position	2,384,290	1,427,990
Net Position - April 1	21,787,756	20,359,766
Net Position - March 31	\$ 24,172,046	\$ 21,787,756

**Revenues and Expenses**

The business-type activities revenues experienced an increase of 12.36% while expenses increased by 1.79% from the prior fiscal year.

## Operating Income

Revenues for the years ended March 31, 2021 and 2020 were \$9,892,725 and \$8,804,509, respectively. Following is a chart showing income from the various revenue sources:



## Capital Asset and Long-Term Debt Activity

### Capital Assets

As of March 31, 2021, the net book value of capital assets recorded by the Authority increased by \$78,353 from the prior year. This decrease is the result of capital additions of \$953,799 less current year depreciation expense of \$875,446.

**Table 3**  
**Auburn Housing Authority**  
**Capital Assets (Net of Depreciation)**  
**March 31,**

	<u>2021</u>	<u>2020</u>
Land	\$ 2,096,188	\$ 1,767,771
Construction in progress	474,453	232,246
Land improvements	2,884,545	2,752,277
Buildings and improvements	30,219,976	30,121,140
Furniture, equipment and machinery	<u>2,974,372</u>	<u>2,822,301</u>
	38,649,534	37,695,735
Accumulated depreciation	<u>(25,928,818)</u>	<u>(25,053,372)</u>
Net capital assets	<u>\$ 12,720,716</u>	<u>\$ 12,642,363</u>

## **Debt**

At March 31, 2021, the Authority had \$750,132 in notes from direct borrowings payable outstanding versus \$1,339,629 last year, a decrease of \$589,497, as shown in Note 6 of Notes to Financial Statements.

### **Currently Known Facts, Decisions or Conditions**

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not impossible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Authority. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Authority.

### **Economic Factors**

Significant economic factors that affect the Authority are federal funding by the Department of Housing and Urban Development, 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 and inflationary pressure on utility rates, supplies, insurances and other costs.

### **Contacting the Housing Authority's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Accounting Department at 20 Great Falls Plaza, P.O. Box 3037, Auburn, Maine 04212.

## AUBURN HOUSING AUTHORITY

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
MARCH 31, 2021

## ASSETS

## Current assets:

Cash and cash equivalents - unrestricted	\$ 9,124,318
Cash and cash equivalents - restricted	2,937,900
Investments - unrestricted	840,004
Accounts receivable (net of allowance for uncollectibles)	264,058
Prepaid items	46,801
Inventories	10,034
Total current assets	<u>13,223,115</u>

## Noncurrent assets:

## Capital assets:

Land, infrastructure and other assets not being depreciated	5,455,186
Buildings and equipment, net of accumulated depreciation	<u>7,265,530</u>
Total capital assets	12,720,716

Noncurrent portion of notes and mortgages receivable	610,000
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Other assets	<u>1,000</u>
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Total noncurrent assets	<u>13,331,716</u>
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TOTAL ASSETS	<u>26,554,831</u>
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## DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions and OPEB	<u>236,488</u>
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TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>236,488</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 26,791,319</u>
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STATEMENT A (CONTINUED)  
AUBURN HOUSING AUTHORITY

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
MARCH 31, 2021

LIABILITIES

Current liabilities:

Accounts payable	\$ 141,154
Due to other governments	82,188
Accrued wages	77,555
Interest payable	15,381
Unearned revenue	185,921
Tenant security deposits	177,643
Current portion of long-term obligations:	
Accrued compensated absences	10,353
Notes from direct borrowings payable	570,970
Total current liabilities	1,261,165

Noncurrent liabilities:

Noncurrent portion of long-term obligations:	
Accrued compensated absences	93,170
Notes from direct borrowings payable	179,162
Net pension and OPEB liability	969,630
Total noncurrent liabilities	1,241,962

TOTAL LIABILITIES	2,503,127
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions and OPEB	116,146
TOTAL DEFERRED INFLOWS OF RESOURCES	116,146

NET POSITION

Net investment in capital assets	11,970,584
Restricted	2,040,043
Unrestricted	10,161,419
TOTAL NET POSITION	24,172,046

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 26,791,319
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See accompanying independent auditors' report and notes to financial statements.

## AUBURN HOUSING AUTHORITY

STATEMENT OF CHANGES IN REVENUES, EXPENSES AND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED MARCH 31, 2021

OPERATING REVENUES	
Tenant rental income	\$ 4,689,349
HUD grants and contributions	4,123,484
Other revenue	557,512
TOTAL OPERATING REVENUES	<u>9,370,345</u>
OPERATING EXPENSES	
Housing assistance payments	2,969,261
Administration	1,207,352
Tenant services	296,966
Utilities	619,463
Repairs and maintenance	933,094
Insurance expense	158,630
Depreciation and amortization expense	875,444
Other general expenses	363,287
TOTAL OPERATING EXPENSES	<u>7,423,497</u>
OPERATING INCOME (LOSS)	<u>1,946,848</u>
NONOPERATING REVENUES (EXPENSES)	
Casualty losses - non-capitalized	1,000
Interest and investment revenue	10,911
Gain (loss) on sale of capital assets	5,510
Interest expense	(84,938)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(67,517)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>1,879,331</u>
CAPITAL CONTRIBUTIONS	
HUD capital grants and contributions	504,959
TOTAL CAPITAL CONTRIBUTIONS	<u>504,959</u>
CHANGE IN NET POSITION	2,384,290
NET POSITION - APRIL 1	<u>21,787,756</u>
NET POSITION - MARCH 31	<u>\$ 24,172,046</u>

See accompanying independent auditors' report and notes to financial statements.

## AUBURN HOUSING AUTHORITY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from tenants	\$ 4,683,054
HUD grants and contributions	4,123,484
Other operating receipts	557,512
Payments to vendors	<u>(6,531,299)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,832,751</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Administrative fees	<u>1,000</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>1,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of land, buildings and equipment	(953,799)
HUD capital grants	504,959
Proceeds (loss) from the sale of capital assets	5,510
Interest paid	(78,834)
Payments on long-term debt	<u>(589,497)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,111,661)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	10,911
(Increase) decrease in investments	<u>12,663</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>23,574</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,745,664
CASH AND CASH EQUIVALENTS - APRIL 1, 2020	<u>10,316,554</u>
CASH AND CASH EQUIVALENTS - MARCH 31, 2021	<u><u>\$12,062,218</u></u>



STATEMENT C (CONTINUED)  
AUBURN HOUSING AUTHORITY

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED MARCH 31, 2021

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 1,946,848
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	875,444
Amortization expense	
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) decrease in accounts receivable	(173,236)
(Increase) decrease in prepaid items	881
(Increase) decrease in inventories	2,399
(Increase) decrease in deferred outflows of resources	(13,837)
(Decrease) increase in accounts payable	(76,583)
(Decrease) increase in due to other governments	65,323
(Decrease) increase in accrued wages	13,601
(Decrease) increase in unearned revenue	163,982
(Decrease) increase in tenant security deposits	2,959
(Decrease) increase in other liability	(1,541)
(Decrease) increase in accrued compensated absences	7,856
(Decrease) increase in net pension liability	108,783
(Decrease) increase in deferred inflows of resources	(90,128)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,832,751</u>

See accompanying independent auditors' report and notes to financial statements.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Auburn Housing Authority was established pursuant to the laws of the State of Maine to provide low rent housing for low and moderate income families and elderly individuals in accordance with rules and regulations prescribed by the Department of Housing and Urban Development and other federal agencies.

The Authority's financial statements are prepared in accordance with 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 Authority's combined financial statements include all accounts and all operations of the Authority. We have determined that the Authority has a component unit, Auburn Residential Development Corporation, a not for profit organization which develops housing, as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and 61.

**COVID-19 Outbreak**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Maine, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Maine issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Maine to those necessary to obtain or provide essential services or activities. The state of emergency expired on June 30, 2021.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Impact on and Results of Operations*

In accordance with Executive Order 19, issued by the Governor of Maine on March 24, 2020, the main office located at 20 Great Falls Plaza in Auburn, ME was closed to the public. This took place on March 17, 2020. Beginning in May 2021, the Authority began conducting business on a by-appointment basis at the 20 Great Falls Plaza office. Business continues to be conducted via a drop-box located at the office entrance and by other electronic means. Staff work at the 20 Great Falls Plaza, but remote work from home is available based on personal circumstances or the state of the pandemic more generally.

*Extended deadlines*

Housing and Urban Development (HUD) responded quickly with a series of publications and conference calls providing administrative relief by extending reporting deadlines and identifying procedures that could be modified or delayed.

*Impact on Finances*

The Authority does not currently anticipate any additional FY 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act, American Rescue Plan Act ("ARPA") funding and applicable Federal and /or State programs.

*Expected Federal/State Support*

The Authority may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Authority expects that if those actions are necessary, that the Authority would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

*Conclusion*

The ongoing effects of COVID-19, including the financial impact to the Authority and its residents, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Authority. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Authority.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Implementation of New Accounting Standards**

During the year ended March 31, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

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

AUBURN HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Low Rent Public Housing - Under this program, the Authority owns, operates and maintains rental housing acquired with grants from the U.S. Department of Housing and Urban Development (HUD). Dwelling units are leased to low income tenants at rates based on their ability to pay. Operations are supported by HUD through operating grants.

Public Housing Capital Fund and Capital Fund Formula Stimulus Grants - HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the Low Rent Public Housing Program.

A portion of capital funds may also be used to support operations and to make improvements in the management and operation of the Authority.

Section 8 Housing Choice Voucher - 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.

State and Local Programs - The Authority owns elderly housing projects which are financed by the Maine State Housing Authority and Bangor Savings Bank. The projects are subsidized with HUD Section 8 Substantial Rehab and New Construction HAP contracts. Under this program, the Authority receives subsidy from the Maine State Housing Authority equal to the difference between the tenants' share of the rent and the base rent approved by the Maine State Housing Authority.

**Measurement Focus - Basic Financial Statements**

The financial transactions of the Authority are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund type is used by the Authority:

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary funds of the Authority:

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Deposits and Investments**

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Authority's policy to value investments at fair value. None of the Authority's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Authority is authorized by State Statutes to invest all excess funds in the following:

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidence of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

**Inventories**

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). The proprietary fund inventory consists of materials, supplies and diesel fuel.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Receivables**

Receivables include amounts due from tenants under rental agreements. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts is estimated to be \$24,504 as of March 31, 2021. Accounts receivable netted with the allowance for doubtful accounts was \$264,058 for the year ended March 31, 2021.

**Capital Assets**

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are reported at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimated useful lives are as follows:

Land improvements	15 years
Buildings and improvements	15 - 40 years
Furniture, equipment and machinery	3 - 10 years

**Long-term Obligations**

The accounting treatment of long-term obligations depends on whether the assets are used in proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of notes from direct borrowings payable, net pension liability, net OPEB liability and accrued compensated absences.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Participating Local District (PLD) Consolidated Plan and additions to/deductions from the PLD Consolidated Plan's fiduciary net position have been determined on the same basis as they are reported by the PLD Consolidated Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the Authority's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.



AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Municipal Employees Health Trust (MMEHT), which determined the Authority's fiduciary net position as a single employer defined benefit plan based on information provided solely by MMEHT to complete the actuarial report. Additions to/deductions from the MMEHT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by MMEHT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has two types of this item, deferred outflows related to pensions and deferred outflows related to OPEB. These items are reported in the statement of net position.

In addition to liabilities, the statement of net position will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows related to pensions and deferred inflows related to OPEB qualify for reporting in this category. These items are reported in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided; operating or capital grants and contributions, including special assessments).

**Operating/Nonoperating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Use of Estimates**

During the preparation of the Authority's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Authority's investment policies, which follow State Statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Authority funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Authority will not be able to recover its deposits. The Authority does not have a policy covering custodial credit risk for deposits. However, the Authority maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At March 31, 2021, the Authority’s cash and cash equivalents balances amounting to \$12,062,218 were comprised of bank deposits and cash equivalents amounting to \$10,459,629. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Authority’s cash and cash equivalents balance. Of these bank deposits, \$2,071,171 was insured by federal depository insurance, \$30,056 was insured by the Securities Investor Protection Corporation (SIPC), \$7,603,638 was collateralized with securities held by the financial institution in the Authority’s name and \$754,764 was collateralized with irrevocable stand-by letters of credit.

Account Type	Bank Balance
Checking accounts	\$ 2,221,920
Repurchase accounts	3,515,300
Money market accounts	4,121,915
ICS accounts	570,438
Cash and cash equivalents	30,056
	\$ 10,459,629

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Authority does not have a policy for custodial credit risk for investments.

At March 31, 2021, the Authority’s investments of \$1,894,097 were comprised of U.S. government and agency obligations and certificates of deposit. Of this amount, \$451,160 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$469,944 was covered by the Securities Investor Protection Corporation (SIPC) and \$345,236 was covered by irrevocable stand-by letters of credit. The remaining balance of \$627,757 was uninsured and uncollateralized.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a policy related to interest rate risk. Certificates of deposit held with local financial institutions for \$528,325 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At March 31, 2021, the Authority had the following investments and maturities:

Investment Type	Fair Value	Not Applicable	Less than 1 Year	1 - 5 Years	Greater than 5 Years
Debt Securities:					
U.S. Government and Agency Obligations	\$ 1,365,772	\$ -	\$ -	\$ 985,138	\$ 380,634
	<u>\$ 1,365,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 985,138</u>	<u>\$ 380,634</u>

**Fair Value Hierarchy**

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 March 31, 2021:

	March 31, 2021 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
U.S. government and agency obligations	\$ 1,365,772	\$ -	\$ 1,365,772	\$ -
Total debt securities	<u>1,365,772</u>	<u>-</u>	<u>1,365,772</u>	<u>-</u>
Total investments by fair value level	<u>1,365,772</u>	<u>\$ -</u>	<u>\$ 1,365,772</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	30,056			
Total cash equivalents measured at the NAV	<u>30,056</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 1,395,828</u>			

Debt securities classified in Level II of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Authority has no Level I or III investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of March 31, 2021, in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with

## AUBURN HOUSING AUTHORITY

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2021

#### NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

local financial institutions for \$528,325 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk - Statutes for the State of Maine authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other States and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Authority does not have an investment policy on credit risk. Generally, the Authority invests excess funds in money market accounts and various certificates of deposit.

#### NOTE 3 - RESTRICTIONS ON CASH AND CASH EQUIVALENTS

The Authority's total current restricted cash and cash equivalents balance of \$2,937,900 is comprised of: \$45,891 being held for future HAP payments, \$149,776 CARES Act funds are being held for future HAP payments, \$177,643 being held as tenant security deposits, \$1,994,152 which are contractually required reserves funded by the Authority as part of its Auburn Esplanade and Roak Block programs, (these funds may only be used for major repairs, capital improvements or to fund operating deficits of the property maintained by the program with the permission of the Maine State Housing Authority) and \$570,438 being held for modernization and development for business activities. These restricted cash balances are supported by corresponding liabilities or restricted net position of the funds.

#### NOTE 4 - NOTES RECEIVABLE AND RELATED PARTY TRANSACTIONS

The Authority, through its local program, loaned \$250,000 to Auburn Housing Development Corporation (a nonprofit (501(c)3) to provide affordable housing for low-income tenants), a related party with common management. The note accrues no interest and is due and payable in full on demand. In addition, the Authority loaned \$10,000 to Vincent Square LP, a related party with common management. The note accrues no interest and is due in 2040. The Authority, through its component unit, Auburn Residential Development Corporation, loaned \$350,000 to 62 Spring Street LP, a related party with common management. The note accrues no interest and is due and payable the earlier of 30 years after date of permanent mortgage commencement or any sale or transfer of property mortgaged as security for this note. The Authority also has other receivables totaling \$15,004, \$13,992 from Auburn Housing Development Corporation and \$1,012 from ARDC. Also, the Authority's local programs has a payable totaling \$1,713 to Webster School.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended March 31, 2021:

	Balance, 4/1/20	Additions	Deletions	Balance, 3/31/21
Non-depreciated assets:				
Land	\$ 1,767,771	\$ 328,417	\$ -	\$ 2,096,188
Construction in progress	232,246	266,236	(24,029)	474,453
	<u>2,000,017</u>	<u>594,653</u>	<u>(24,029)</u>	<u>2,570,641</u>
Depreciated assets:				
Land improvements	2,752,277	132,268	-	2,884,545
Buildings and improvements	30,121,140	98,836	-	30,219,976
Furniture, equipment and machinery	2,822,301	152,071	-	2,974,372
	<u>35,695,718</u>	<u>383,175</u>	<u>-</u>	<u>36,078,893</u>
Less accumulated depreciation:	<u>(25,053,372)</u>	<u>(875,446)</u>	<u>-</u>	<u>(25,928,818)</u>
	<u>10,642,346</u>	<u>(492,271)</u>	<u>-</u>	<u>10,150,075</u>
Net capital assets	<u>\$ 12,642,363</u>	<u>\$ 102,382</u>	<u>\$ (24,029)</u>	<u>\$ 12,720,716</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended March 31, 2021:

	Balance, 4/1/20	Additions	Deletions	Balance, 3/31/21	Current Portion
Notes from direct borrowings payable	<u>\$ 1,339,629</u>	<u>\$ -</u>	<u>\$ (589,497)</u>	<u>\$ 750,132</u>	<u>\$ 570,970</u>

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a summary of the outstanding notes from direct borrowings payable:

\$2,918,308 note payable dated November 1, 2010 to Maine State Housing Authority in connection with the Roak Block Apartments program. Interest is charged at a fixed rate of 8.0% per annum. Monthly payments are \$24,248. Maturity is in March of 2022.	\$ 278,747
\$243,908 note payable dated November 1, 2010 to Maine State Housing Authority in connection with the Roak Block Apartments program. Interest is charged at a fixed rate of 8.0% per annum. Monthly payments are \$1,732. Maturity is in November of 2036.	185,347
\$3,767,884 note payable dated December 11, 1991 to Maine State Housing Authority in connection with the Auburn Esplanade program. Interest is charged at a fixed rate of 8.75% per annum. Monthly payments are \$29,764. Maturity is in December of 2021.	<u>286,038</u>
	<u><u>\$ 750,132</u></u>

The following is a summary of future principal and interest requirements by year, for the next five years ending March 31 and for subsequent five-year periods thereafter until maturity:

Fiscal Year	Principal	Interest	Total Debt Service
2022	\$ 570,970	\$ 38,437	\$ 609,407
2023	6,698	14,091	20,789
2024	7,253	13,535	20,788
2025	7,855	12,933	20,788
2026	8,507	12,281	20,788
2027-2031	54,377	49,566	103,943
2032-2036	81,013	22,930	103,943
2037-2041	13,459	407	13,866
	<u>\$ 750,132</u>	<u>\$ 164,180</u>	<u>\$ 914,312</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended March 31, 2021 was \$84,938.

AUBURN HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 7 - OTHER LONG-TERM OBLIGATIONS

A summary of other long-term obligations for the year ended March 31, 2021 is as follows:

	Balance, 4/1/20	Additions	Deletions	Balance, 3/31/21	Current Portion
Accrued compensated absences	\$ 95,667	\$ 7,856	\$ -	\$ 103,523	\$ 10,353
Net pension liability	542,577	127,621	(13,158)	657,040	-
Net OPEB liability	318,270	67,929	(73,609)	312,590	-
	<u>\$ 956,514</u>	<u>\$ 203,406</u>	<u>\$ (86,767)</u>	<u>\$ 1,073,153</u>	<u>\$ 10,353</u>

Please see Notes 8, 9, 10 and 11 for detailed information on each of the other long-term obligations.

NOTE 8 - ACCRUED COMPENSATED ABSENCES

The Authority's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as a long-term obligation in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of March 31, 2021, the Authority's liability for compensated absences is \$103,523.

NOTE 9 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

PARTICIPATING LOCAL DISTRICT CONSOLIDATED PLAN

**Plan Description**

Authority employees contribute to the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit pension plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District (PLD) Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The Maine Public Employees Retirement System issues a publicly available



AUBURN HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTNUED)

financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.maineopers.org](http://www.maineopers.org) or by contacting the System at (207) 512-3100.

**Benefits Provided**

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of PLDs). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For PLD members, normal retirement age is 60, 62 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by contract with PLD employers under applicable statutory provisions. As of June 30, 2020, there were 301 employers in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 1.92%.

**Contributions**

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Authority's AC plan members in the Age 60 plan are required to contribute 8.1% of their annual covered salary; however, new employees joining the plan after July 1, 2019 contribute 7.35% of their annual covered salary, which is the AC's Age 65 plan. The Authority is required to contribute at an actuarially determined rate. The current rate is 10.1% for the AC plan of covered payroll. The contribution rates of plan members and the Authority are established and may be amended by the Maine Public Employee Retirement Systems advisory group. The Authority's contribution to the MainePERS PLD Consolidated Plan for the year ended March 31, 2021 was \$104,826.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTNUED)

**Pension Liabilities**

*PLD Consolidated Plan*

At March 31, 2021, the Authority reported a liability of \$657,040 for its proportionate share of the net pension liabilities for the plan. The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liabilities were based on a projection of the Authority's long-term share of contributions to each pension plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2020, the Authority's proportion was 0.165371%, which was a decrease of 0.012137% from its proportion measured as of June 30, 2019.

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended March 31, 2021, the Authority recognized total pension expense of \$1,106 for the PLD plan. At March 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>PLD Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 39,428	\$ 7,224
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	42,755	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	36,365
Contributions subsequent to the measurement date	<u>75,337</u>	<u>-</u>
Total	<u>\$ 157,520</u>	<u>\$ 43,589</u>

AUBURN HOUSING AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 MARCH 31, 2021

NOTE 9 - DEFINED BENEFIT PENSION PLAN (CONTNUED)

\$75,337 for the PLD plan was reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended March 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		PLD Plan
Plan year ended June 30:		
2021	\$	(40,109)
2022		5,990
2023		36,315
2024		36,396
2025		-
Thereafter		-

**Actuarial Methods and Assumptions**

The respective collective total pension liability for the plans was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions applied to all periods included in the measurement:

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., actual decreases or increases in liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Asset Valuation Method*

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

*Amortization*

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follows:

*Investment Rate of Return* - 6.75% per annum for the years ended June 30, 2020, compounded annually.

*Salary Increases, Merit and Inflation* - 2.75% to 9.00% per year

*Mortality Rates* - For active members and non-disabled retirees of the PLD Consolidated and State Employee and Teacher Plans, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

*Cost of Living Benefit Increases* - 1.91%

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table.

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NOTES TO FINANCIAL STATEMENTS  
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NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Asset Class	PLD Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.00%	6.00%
US Government	7.50%	2.30%
Private equity	15.00%	7.60%
Real assets:		
Real estate	10.00%	5.20%
Infrastructure	10.00%	5.30%
Natural resources	5.00%	5.00%
Traditional credit	7.50%	3.00%
Alternative credit	5.00%	7.20%
Diversifiers	10.00%	5.90%

*Discount Rate*

The discount rate used to measure the collective total pension liability was 6.75% for 2020 for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability as of June 30, 2020 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for each of the Plans.

	1% Decrease	Discount Rate	1% Increase
PLD Plan: Discount rate	5.75%	6.75%	7.75%
Authority's proportionate share of the net pension liability	\$ 1,380,834	\$ 657,040	\$ 64,562

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Changes in Net Pension Liability**

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2020 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2020 with the following exceptions.

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resource. For 2020, this was three years for the PLD Consolidated Plan. For 2019, this was four years for the PLD Consolidated Plan. For 2018 and 2017, this was three years; prior to 2017, this was four years for the PLD Consolidated Plan.

*Differences between Expected and Actual Investment Earnings*

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2020 valuation were based on the results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the *Actuarial Methods and Assumptions* section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

**Pension Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2020 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

NOTE 10 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

**Plan Description**

Authority employees contribute to the Group Life Insurance Plan for Retired Participating Local District (PLD) (the PLD Consolidated Plan of the Maine Public Employees Retirement System (MainePERS), a cost-sharing multiple-employer defined benefit plan established by the Maine State Legislature. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the Participating Local District Consolidated Plan's advisory group, which reviews the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. As of June 30, 2020, there were 139 employers participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

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NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 10 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLAN (CONTINUED)

**Benefits Provided**

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

**Contributions**

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For state employees, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period. The Authority's contribution to the Plan for the year ended March 31, 2021 was \$6,625.

**Proportionate Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At March 31, 2021, the Authority reported a liability of \$56,848 for its proportionate share of the net OPEB liabilities for the Plan. The net OPEB liabilities were measured as of June 30, 2020 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liabilities were based on a projection of the Authority's long-term share of contributions to the Plan relative to the projected contributions of all PLDs, actuarially determined. At June 30, 2020, the Authority's proportion was 0.43092%, which was an increase of 0.00750% from its proportion measured as of June 30, 2019.

For the year ended March 31, 2021, the Authority recognized net OPEB revenue of \$8,236. At March 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:



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NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 10 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLAN (CONTINUED)

	<u>PLD Life Insurance</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,019	\$ -
Changes of assumptions	5,916	40,512
Net difference between projected and actual earnings on pension plan investments	-	1,420
Changes in proportion and differences between contributions and proportionate share of contributions	7,498	2,818
Contributions subsequent to the measurement date	<u>6,625</u>	<u>-</u>
Total	<u>\$ 27,058</u>	<u>\$ 44,750</u>

\$6,625 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended March 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>PLD Life Insurance</u>
Plan year ended June 30:	
2021	\$ (7,324)
2022	(6,461)
2023	(1,586)
2024	(3,247)
2025	(5,699)
Thereafter	-

**Actuarial Methods and Assumptions**

The collective total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions applied to all periods included in the measurement:

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 10 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLAN (CONTINUED)

*Actuarial Cost Method*

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

*Asset Valuation Method*

Investments are reported at fair value.

*Amortization*

The net OPEB liability of the Plan is amortized on a level percentage of payroll over a thirty-year period on a closed basis. As of June 30, 2020, there were 10 years remaining for the Plan.

The actuarial assumptions used in the June 30, 2020 and June 30, 2019 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follows:

*Investment Rate of Return* - For the PLD Plan, 6.75% per annum, compounded annually.

*Inflation Rate* - 2.75%

*Annual Salary Increases including Inflation* - For the PLD Plan, 2.75% to 9.00% per year.

AUBURN HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 10 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLAN (CONTINUED)

*Mortality Rates* - For active members and non-disabled retirees of the Plan, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. These tables are adjusted by percentages ranging from 104% to 120% based on actuarially determined demographic differences.

*Participation Rate for Future Retirees* - 100% of those currently enrolled.

*Conversion Charges* - Apply to the cost of active group life insurance, not retiree group life insurance.

*Form of Benefit Payment* - Lump sum

The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.00%	6.00%
Real estate	5.00%	5.20%
Traditional credit	15.00%	3.00%
US Government securities	10.00%	2.30%
Total	100.00%	

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 NOTES TO FINANCIAL STATEMENTS  
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NOTE 10 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN (CONTINUED)

*Discount Rate*

The discount rate used to measure the collective total OPEB liability was 6.75% for 2020. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined.

The following table shows how the collective net OPEB liability/(asset) as of June 30, 2020 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for the PLD Plan.

	1% Decrease	Discount Rate	1% Increase
PLD Life Insurance:			
Discount rate	5.75%	6.75%	7.75%
Authority's proportionate share of the net OPEB benefits liability	\$ 76,563	\$ 56,848	\$ 41,001

**Changes in Net OPEB Liability**

Each employer's share of the collective net OPEB liability is equal to the collective net OPEB liability multiplied by the employer's proportionate share as of June 30, 2020 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2020 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience with regard to economic or demographic factors are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. There were no differences between expected and actual experience as of June 30, 2020.

AUBURN HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 10 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE  
INSURANCE PLAN (CONTINUED)

*Differences between Projected and Actual Investment Earnings on OPEB Plan Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Changes in Assumptions*

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2020, the discount rate used for the PLD Consolidated Plan was increased from 4.98% to 6.75%.

*Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions*

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability. There were no differences between employer contributions and proportionate share of contributions as of June 30, 2020.

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2020 Comprehensive Annual Financial Report available online at [www.mainebers.org](http://www.mainebers.org) or by contacting the System at (207) 512-3100.

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NOTES TO FINANCIAL STATEMENTS  
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NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) MMEHT HEALTH  
INSURANCE PLAN

MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

**Plan Description**

The Authority and Authority retirees contribute to the Authority's OPEB Plan with the Maine Municipal Employees Health Trust (MMEHT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the Authority and/or the Authority retirees. MMEHT is a fully funded, self-insured trust which provides benefits to municipal and quasi-municipal organizations and county governments and acts as the agent to the Authority concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MMEHT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MMEHT participants and are administered by a number of third-party administrators contracted by MMEHT. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MMEHT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by MMEHT at (800) 852-8300.

**Benefits Provided**

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their surviving spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The Plan also provides an automatic life insurance benefit of \$2,000 to participants which includes a surviving spouse benefit for the same. The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for the Plan. The retiree must enroll when first eligible and continue coverage without interruption.

**Employees Covered by Benefit Terms**

At January 1, 2020, the following employees were covered by the benefit terms:

Active members	21
Retirees and spouses	3
Total	<u>24</u>

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NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) MMEHT HEALTH INSURANCE PLAN (CONTINUED)

**Contributions**

Retiree and spouse premium amounts are funded by the retiree at the rate for the coverage elected by the retiree. Premium rates are those determined by the MMEHT’s Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage. Retirees and spouses must contribute 100% of the premium amounts. The sponsoring employer pays the remainder of the premium. Medical benefits are provided for the life of the retiree and surviving spouses.

**Retiree Premium Amounts**

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Single Coverage</u>	<u>Family Coverage</u>
PPO 2500	\$840.80	\$1,886.05
<u>Medicare</u>		
Medicare-Eligible Retirees	\$589.25	\$1,178.50

**Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At March 31, 2021, the Authority reported a liability of \$255,742 for its total OPEB liability for this Plan. The total OPEB liability was measured as of January 1, 2020 and was determined by an actuarial valuation as of that date. The Authority’s total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended March 31, 2021, the Authority recognized OPEB expense of \$11,949. At March 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) MMEHT HEALTH INSURANCE PLAN (CONTINUED)

	MMEHT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,946	\$ 14,684
Changes of assumptions	40,963	13,124
Net difference between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to the measurement date	4,963	-
Total	\$ 56,872	\$ 27,808

\$4,963 were reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended March 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MMEHT
Plan year ended December 31:	
2021	\$ 6,603
2022	6,603
2023	6,602
2024	507
2025	3,786
Thereafter	-

**Discount Rate**

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of the valuation date of January 1, 2020. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 2.74% per annum for June 30, 2020 was based upon a measurement date of December 26, 2019. The sensitivity of net OPEB liability to changes in discount rate are as follows:



AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) MMEHT HEALTH INSURANCE PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	1.74%	2.74%	3.74%
Total OPEB liability	\$ 293,055	\$ 255,742	\$ 225,192
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 293,055</u>	<u>\$ 255,742</u>	<u>\$ 225,192</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Healthcare Trend**

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of net OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 224,690	\$ 255,742	\$ 294,216
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 224,690</u>	<u>\$ 255,742</u>	<u>\$ 294,216</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

**Actuarial Methods and Assumptions**

The total OPEB liability for the Plan was determined by an actuarial valuation as of January 1, 2020, using the following methods and assumptions applied to all periods included in the measurement:

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NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) MMEHT HEALTH INSURANCE PLAN (CONTINUED)

*Actuarial Cost Method*

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records were assembled and provided through June 30, 2019. Medicare and non-Medicare eligible medical and prescription experience were analyzed. It was assumed that current enrollment distribution of benefit options would remain constant in the future for retirees. The cost was distributed based on the current covered population and the actuary's standard age curves which vary by age, gender and Medicare status. Children costs are converted to a load on the non-Medicare retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

*Amortization*

The total OPEB liability of this Plan is amortized on an open 30-year period. The amortization method is a level dollar amortization method.

*Assumptions*

The actuarial assumptions used in the January 1, 2020 actuarial valuation was based on economic, demographic and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2017 and December 31, 2018.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

Discount Rate - 2.74% per annum for year end 2020 reporting. 4.10% per annum for 2019 year end reporting.

AUBURN HOUSING AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
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NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) MMEHT HEALTH INSURANCE PLAN (CONTINUED)

Trend Assumptions:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007 and version 2020\_b was used for this valuation. The following assumptions were input into this model:

<u>Variable</u>	<u>Rate</u>
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capital 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.2%) to move closer to the 30-year average to reflect the future projections from the Centers for Medicare and Medicaid Services Office of the Actuary (CMS OACT). The Medicare Trustee Report and CBO Long-Term Budget Outlook.

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections and market analysis. For years 2024 to 2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP and extra trend rate assumptions).

Deductibles, co-payments and out of pocket maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capital GDP growth.

Administrative and claims expense: 3% per annum

Future plan changes: It is assumed that the current Plan and cost-sharing structure remains in place for all future years.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) MMEHT HEALTH INSURANCE PLAN (CONTINUED)

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of January 1, 2020, they are as follows:

Retirement Rates - Rates vary for plans with no explicit employer subsidy (or payment) versus those plans defining an explicit employer subsidy (or payment). The rates are based on assumptions from the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims.

Family Enrollment Composition - For males, 50% of future retirees under the age of 65 and 50% of current retirees are married and elect spousal coverage while females are at 30% for both. 25% of male and female future retirees over the age of 65 are married and elect spousal coverage.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost.

Disability Incidence - Disabled lives will be considered active employees and will not be valued separately.

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method.

Dates of Hire - Needed to be assumed for some employees and will be based on the average age at hire for similar employees.

Rate of Mortality - Based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120 and convergence to the ultimate rate in the year 2020. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) MMEHT HEALTH INSURANCE PLAN (CONTINUED)

Retiree Continuation Percentage:

Medicare participant retirees - 100% assumed to continue in the plan elected

Pre-Medicare plan retirees and active participants - 75% assumed to continue coverage once Medicare-eligible

Pre-Medicare plan spouses and spouses of active participants - 50% assumed to continue coverage once Medicare-eligible

**Changes in Net OPEB Liability**

Changes in net OPEB liability are recognized in OPEB expense for the year ended June 30, 2020 with the following exceptions:

*Differences between Expected and Actual Experience*

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The difference between expected and actual experience as of January 1, 2020 was (\$3,738).

*Changes in Assumptions*

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used in the June 30, 2017 and June 30, 2016 actuarial valuations were based primarily on those used by Maine State Retirement Consolidated Plan for Participating Local District at June 30, 2016 which were based on the experience study covering the period from June 30, 2012 through June 30, 2015. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

*Differences between Projected and Actual Earnings on OPEB Plan Investments*

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) MMEHT HEALTH INSURANCE PLAN (CONTINUED)

**OPEB Plan Fiduciary Net Position**

Additional financial and actuarial information with respect to this Plan can be found at the Authority's Accounting Department at 20 Great Falls Plaza, P.O. Box 3037, Auburn, Maine 04212.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS - OTHER LIFE INSURANCE

The Authority, in accordance with its current life insurance company agreement, provides life insurance to eligible retirees. The Authority pays the premiums which are currently \$192.77 per month for the fifteen retirees at March 31, 2021. The cost for future years cannot be determined at this time.

NOTE 13 - CONTINGENCIES

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.

The Authority receives federal funds through grants and loans. Closeout of these grants may not happen until subsequent fiscal years. The Authority may be responsible for returning federal funds based upon the close out of these grants.

NOTE 14 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority either carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine Municipal Association.

Based on the coverage provided by the pool as well as coverage provided by commercial insurance purchased, the Authority is not aware of any material actual or potential claim liabilities which should be recorded as of March 31, 2021. There were no significant reductions in insurance coverage from that of the prior year. Settled claims have not exceeded insurance coverage for any of the past three fiscal years.

AUBURN HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

NOTE 15 - COLLATERALIZATION

At March 31, 2021, the Authority has an outstanding irrevocable stand-by letter of credit issued by the Federal Home Loan Bank of Pittsburgh serving as collateral for its deposits held at TD Bank, N.A. This letter of credit, which expires at the close of business on April 27, 2021, authorizes one draw only up to the amount of \$1,100,000. There were no draws for the year ended March 31, 2021.

NOTE 16 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Authority's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of Proportionate Share of the Net OPEB Liability - Group Life
- Schedule of Changes in Net OPEB Liability - Health Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - Health Plan
- Schedule of Contributions - OPEB
- Notes to Required Supplementary Information



AUBURN HOUSING AUTHORITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

	2021	2020	2019	2018	2017	2016	2015	2014
<u>PLD Plan:</u>								
Proportion of the net pension liability (asset)	0.17%	0.18%	0.18%	0.20%	0.21%	0.20%	0.19%	0.17%
Proportionate share of the net pension liability (asset)	\$ 657,040	\$ 542,577	\$ 503,454	\$ 813,085	\$ 1,101,034	\$ 627,798	\$ 286,873	\$ 537,536
Covered payroll	\$ 1,160,787	\$ 1,086,905	\$ 1,083,584	\$ 1,107,827	\$ 1,092,563	\$ 1,023,041	\$ 993,990	\$ 969,572
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	56.60%	49.92%	46.46%	73.39%	100.78%	61.37%	28.86%	55.44%
Plan fiduciary net position as a percentage of the total pension liability	88.35%	90.62%	91.14%	86.40%	81.61%	88.27%	94.10%	87.50%

\* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE 2

AUBURN HOUSING AUTHORITY

SCHEDULE OF CONTRIBUTIONS - PENSION  
LAST 10 FISCAL YEARS\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>PLD Plan:</u>								
Contractually required contribution	\$ 104,826	\$ 105,971	\$ 107,597	\$ 101,784	\$ 100,101	\$ 90,198	\$ 75,325	\$ 61,459
Contributions in relation to the contractually required contribution	<u>(104,826)</u>	<u>(105,971)</u>	<u>(107,597)</u>	<u>(101,784)</u>	<u>(100,101)</u>	<u>(90,198)</u>	<u>(75,325)</u>	<u>(61,459)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,040,636	\$ 1,160,787	\$ 1,086,905	\$ 1,083,584	\$ 1,070,628	\$ 1,088,152	\$ 1,006,988	\$ 990,634
Contributions as a percentage of covered payroll	10.07%	9.13%	9.90%	9.39%	9.35%	8.29%	7.48%	6.20%

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

AUBURN HOUSING AUTHORITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 GROUP LIFE  
 LAST 10 FISCAL YEARS\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>					
Proportion of the net OPEB liability Authority's proportionate share of the net OPEB liability	0.43%	0.42%	0.38%	0.40%	0.41%
Total	<u>\$ 56,848</u>	<u>\$ 90,600</u>	<u>\$ 77,099</u>	<u>\$ 66,971</u>	<u>\$ 92,752</u>
Covered payroll	\$ 1,160,787	\$ 1,086,905	\$ 1,083,584	\$ 1,107,827	\$ 1,092,563
Proportionate share of the net OPEB liability as a percentage of its covered payroll	4.90%	8.34%	7.12%	6.05%	8.49%
Plan fiduciary net position as a percentage of the total OPEB liability	55.40%	43.18%	43.92%	47.42%	0.00%

\* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

## AUBURN HOUSING AUTHORITY

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - HEALTH PLAN  
FOR THE YEAR ENDED MARCH 31, 2021

	Increase (Decrease)		
	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/19 (Reporting December 31, 2019)	\$ 227,602	\$ -	\$ 227,602
Changes for the year:			
Service cost	11,364	-	11,364
Interest	9,593	-	9,593
Changes of benefits	(5,385)	-	(5,385)
Differences between expected and actual experience	(17,621)	-	(17,621)
Changes of assumptions	40,347	-	40,347
Contributions - employer	-	10,226	(10,226)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(10,226)	(10,226)	-
Administrative expense	-	-	-
Net changes	<u>28,072</u>	<u>-</u>	<u>28,072</u>
Balances at 1/1/20 (Reporting December 31, 2020)	<u>\$ 255,674</u>	<u>\$ -</u>	<u>\$ 255,674</u>

See accompanying independent auditors' report and notes to financial statements.

## AUBURN HOUSING AUTHORITY

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
HEALTH PLAN  
LAST 10 FISCAL YEARS\*

	2020	2019	2018
<u>Total OPEB liability</u>			
Service cost (BOY)	\$ 11,364	\$ 12,426	\$ 10,794
Interest (includes interest on service cost)	9,593	8,391	7,377
Changes of benefit terms	(5,385)	-	-
Differences between expected and actual experience	(17,621)	-	21,890
Changes of assumptions	40,347	(19,686)	14,685
Benefit payments, including refunds of member contributions	(10,226)	(9,833)	(5,413)
Net change in total OPEB liability	<u>\$ 28,072</u>	<u>\$ (8,702)</u>	<u>\$ 49,333</u>
Total OPEB liability - beginning	\$ 227,670	\$ 236,372	\$ 187,039
Total OPEB liability - ending	\$ 255,742	\$ 227,670	\$ 236,372
<u>Plan fiduciary net position</u>			
Contributions - employer	10,226	9,833	5,413
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of member contributions	(10,226)	(9,833)	(5,413)
Administrative expense	-	-	-
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	\$ -	\$ -	\$ -
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 255,742</u>	<u>\$ 227,670</u>	<u>\$ 236,372</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered payroll	\$ 901,553	\$ 901,553	\$ 901,553
Net OPEB liability as a percentage of covered payroll	28.4%	25.3%	26.2%

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

## AUBURN HOUSING AUTHORITY

SCHEDULE OF CONTRIBUTIONS - OPEB  
LAST 10 FISCAL YEARS\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>PLD Life Insurance:</u>					
Contractually required contribution	\$ 4,857	\$ 4,660	\$ 4,082	\$ 4,154	\$ 4,110
Contributions in relation to the contractually required contribution	<u>(4,857)</u>	<u>(4,660)</u>	<u>(4,082)</u>	<u>(4,154)</u>	<u>(4,110)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,040,636	\$ 1,160,787	\$ 1,086,905	\$ 1,083,584	\$ 1,070,628
Contributions as a percentage of covered payroll	0.47%	0.40%	0.38%	0.38%	0.38%
		<u>2020</u>	<u>2019</u>	<u>2018</u>	
<u>MMEHT:</u>					
Employer contributions		\$ 10,226	\$ 9,833	\$ 5,413	
Benefit payments		<u>(10,226)</u>	<u>(9,833)</u>	<u>(5,413)</u>	
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll		\$ 901,553	\$ 901,553	\$ 901,553	
Contributions as a percentage of covered payroll		1.13%	1.09%	0.60%	

\* The amounts presented for each fiscal year are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

AUBURN HOUSING AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED MARCH 31, 2021

**Changes of Assumptions**

MEPERS PLD Plan:

There have been no changes in actuarial assumptions since the last measurement date.

MEPERS PLD OPEB Plan:

The discount rate was increased from 4.98% to 6.75%.

MMEHT OPEB Plan:

There was a change in the discount rate from 4.10% to 2.74% per GASB 75 discount rate selection. The repeal of the "Cadillac Tax" was reflected in this valuation by removing the previously planned excise tax.

See accompanying independent auditors' report and notes to financial statements.

## Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Supplemental Financial Data Schedule
- Schedule of Capital Grant Fund Costs - Completed



AUBURN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
MARCH 31, 2021

	Project Total	CFP 14.872	Low Rent / CFP Combined	Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	Section 8 Housing Choice Vouchers CARES Act	2 State/Local	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.182 N/C S/R Section 8 Programs	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$ 1,218,611	\$ -	\$ 1,218,611	\$ -	\$ 121,143	\$ -	\$ 2,392,675	\$ 2,742,055	\$ 317,393	\$ 2,332,441	\$ 9,124,318	\$ -	\$ 9,124,318
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-	570,438	-	-	570,438	-	570,438
113 Cash - Other Restricted	-	-	-	-	45,891	149,776	-	-	1,994,152	-	2,189,819	-	2,189,819
114 Cash - Tenant Security Deposits	61,238	-	61,238	-	-	-	-	6,905	66,648	42,852	177,643	-	177,643
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>100 Total Cash</b>	<b>1,279,849</b>	<b>-</b>	<b>1,279,849</b>	<b>-</b>	<b>167,034</b>	<b>149,776</b>	<b>2,392,675</b>	<b>3,319,398</b>	<b>2,378,193</b>	<b>2,375,293</b>	<b>12,062,218</b>	<b>-</b>	<b>12,062,218</b>
121 Accounts Receivable - PHA Projects	-	-	-	-	449	-	-	-	-	-	449	-	449
122 Accounts Receivable - HUD Other Projects	175,150	-	175,150	-	5,711	-	-	-	-	-	180,861	-	180,861
124 Accounts Receivable - Other Government	-	-	-	-	-	-	-	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	8,442	-	8,442	-	3,569	-	22,742	-	3,077	1,619	39,449	-	39,449
126 Accounts Receivable - Tenants	31,190	-	31,190	-	-	-	-	1,545	90	266	33,091	-	33,091
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	-	-	-	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-	-	-	-
128 Fraud Recovery	2,189	-	2,189	-	22,315	-	-	-	-	-	24,504	-	24,504
128.1 Allowance for Doubtful Accounts - Fraud	(2,189)	-	(2,189)	-	(22,315)	-	-	-	-	-	(24,504)	-	(24,504)
129 Accrued Interest Receivable	-	-	-	-	-	-	-	10,208	-	-	10,208	-	10,208
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>214,782</b>	<b>-</b>	<b>214,782</b>	<b>-</b>	<b>9,729</b>	<b>-</b>	<b>22,742</b>	<b>11,753</b>	<b>3,167</b>	<b>1,885</b>	<b>264,058</b>	<b>-</b>	<b>264,058</b>
131 Investments - Unrestricted	-	-	-	-	-	-	840,004	-	-	-	840,004	-	840,004
132 Investments - Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	15,104	-	15,104	-	4,766	-	10,226	2,017	8,266	6,422	46,801	-	46,801
143 Inventories	10,034	-	10,034	-	-	-	-	-	-	-	10,034	-	10,034
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	-	-	2,450,000	-	-	2,450,000	(2,450,000)	-
145 Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>150 Total Current Assets</b>	<b>1,519,769</b>	<b>-</b>	<b>1,519,769</b>	<b>-</b>	<b>181,529</b>	<b>149,776</b>	<b>3,265,647</b>	<b>5,783,168</b>	<b>2,389,626</b>	<b>2,383,600</b>	<b>15,673,115</b>	<b>(2,450,000)</b>	<b>13,223,115</b>

AUBURN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
MARCH 31, 2021

	Project Total	CFP 14.872	Low Rent / CFP Combined	Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	Section 8 Housing Choice Vouchers CARES Act	2 State/Local	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.182 N/C S/R Section 8 Programs	Subtotal	ELIM	Total
161 Land	2,567,066	423,577	2,990,643	-	-	-	3,350	16,000	960,874	1,009,866	4,980,733	-	4,980,733
162 Buildings	10,902,061	-	10,902,061	-	-	-	-	962,838	12,093,126	6,261,951	30,219,976	-	30,219,976
163 Furniture, Equipment & Machinery - Dwellings	254,389	1,598	255,987	-	-	-	-	11,031	384,094	305,156	956,268	-	956,268
164 Furniture, Equipment & Machinery - Administration	443,134	134,900	578,034	-	57,606	-	43,821	9,897	223,106	1,105,640	2,018,104	-	2,018,104
165 Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-
166 Accumulated Depreciation	(11,401,493)	(22,067)	(11,423,560)	-	(47,446)	-	(40,360)	(620,042)	(6,220,614)	(7,576,796)	(25,928,818)	-	(25,928,818)
167 Construction in Progress	-	-	-	-	-	-	-	474,453	-	-	474,453	-	474,453
168 Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>2,765,157</b>	<b>538,008</b>	<b>3,303,165</b>	<b>-</b>	<b>10,160</b>	<b>-</b>	<b>6,811</b>	<b>854,177</b>	<b>7,440,586</b>	<b>1,105,817</b>	<b>12,720,716</b>	<b>-</b>	<b>12,720,716</b>
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	260,000	350,000	-	-	610,000	-	610,000
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	1,000	-	-	-	1,000	-	1,000
176 Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>180 Total Non-Current Assets</b>	<b>2,765,157</b>	<b>538,008</b>	<b>3,303,165</b>	<b>-</b>	<b>10,160</b>	<b>-</b>	<b>267,811</b>	<b>1,204,177</b>	<b>7,440,586</b>	<b>1,105,817</b>	<b>13,331,716</b>	<b>-</b>	<b>13,331,716</b>
200 Deferred Outflow of Resources	93,420	-	93,420	-	41,150	-	101,918	-	-	-	236,488	-	236,488
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>4,378,346</b>	<b>538,008</b>	<b>4,916,354</b>	<b>-</b>	<b>232,839</b>	<b>149,776</b>	<b>3,635,376</b>	<b>6,987,345</b>	<b>9,830,212</b>	<b>3,489,417</b>	<b>29,241,319</b>	<b>(2,450,000)</b>	<b>26,791,319</b>

AUBURN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
MARCH 31, 2021

	Project Total	CFP 14.872	Low Rent / CFP Combined	Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	Section 8 Housing Choice Vouchers CARES Act	2 State/Local	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.182 N/C S/R Section 8 Programs	Subtotal	ELIM	Total
311 Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	25,146	-	25,146	-	555	-	88,313	9,777	10,287	7,076	141,154	-	141,154
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	-	-	-	203	-	77,352	-	-	-	77,555	-	77,555
322 Accrued Compensated Absences - Current Portion	4,115	-	4,115	-	938	-	5,300	-	-	-	10,353	-	10,353
324 Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	-	-	15,381	-	15,381	-	15,381
331 Accounts Payable - HUD PHA Programs	47,319	-	47,319	-	-	-	-	-	-	-	47,319	-	47,319
332 Account Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	34,869	-	34,869	-	-	-	-	-	-	-	34,869	-	34,869
341 Tenant Security Deposits	61,238	-	61,238	-	-	-	-	6,905	66,648	42,852	177,643	-	177,643
342 Unearned Revenue	11,062	-	11,062	-	-	149,776	2,000	231	12,551	10,301	185,921	-	185,921
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-	570,970	-	570,970	-	570,970
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
347 Inter Program - Due To	-	-	-	-	-	-	-	-	2,450,000	-	2,450,000	(2,450,000)	-
348 Loan Liability - Current	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>310 Total Current Liabilities</b>	<b>183,749</b>	<b>-</b>	<b>183,749</b>	<b>-</b>	<b>1,696</b>	<b>149,776</b>	<b>172,965</b>	<b>16,913</b>	<b>3,125,837</b>	<b>60,229</b>	<b>3,711,165</b>	<b>(2,450,000)</b>	<b>1,261,165</b>

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351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-	179,162	-	179,162	-	179,162
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	37,035	-	37,035	-	8,438	-	47,697	-	-	-	93,170	-	93,170
355 Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	372,638	-	372,638	-	180,767	-	416,225	-	-	-	969,630	-	969,630
<b>350 Total Non-Current Liabilities</b>	<b>409,673</b>	<b>-</b>	<b>409,673</b>	<b>-</b>	<b>189,205</b>	<b>-</b>	<b>463,922</b>	<b>-</b>	<b>179,162</b>	<b>-</b>	<b>1,241,962</b>	<b>-</b>	<b>1,241,962</b>
<b>300 Total Liabilities</b>	<b>593,422</b>	<b>-</b>	<b>593,422</b>	<b>-</b>	<b>190,901</b>	<b>149,776</b>	<b>636,887</b>	<b>16,913</b>	<b>3,304,999</b>	<b>60,229</b>	<b>4,953,127</b>	<b>(2,450,000)</b>	<b>2,503,127</b>
<b>400 Deferred Inflow of Resources</b>	<b>46,085</b>	<b>-</b>	<b>46,085</b>	<b>-</b>	<b>16,617</b>	<b>-</b>	<b>53,444</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116,146</b>	<b>-</b>	<b>116,146</b>
508.4 Net Investment in Capital Assets	2,765,157	538,008	3,303,165	-	10,160	-	6,811	854,177	6,690,454	1,105,817	11,970,584	-	11,970,584
511.4 Restricted Net Position	-	-	-	-	45,891	-	-	-	1,994,152	-	2,040,043	-	2,040,043
512.4 Unrestricted Net Position	973,682	-	973,682	-	(30,730)	-	2,938,234	6,116,255	(2,159,393)	2,323,371	10,161,419	-	10,161,419
<b>513 Total Equity - Net Assets / Position</b>	<b>3,738,839</b>	<b>538,008</b>	<b>4,276,847</b>	<b>-</b>	<b>25,321</b>	<b>-</b>	<b>2,945,045</b>	<b>6,970,432</b>	<b>6,525,213</b>	<b>3,429,188</b>	<b>24,172,046</b>	<b>-</b>	<b>24,172,046</b>
<b>600 Total Liabilities, Deferred Inflows of Resources and Equity - Net</b>	<b>4,378,346</b>	<b>538,008</b>	<b>4,916,354</b>	<b>-</b>	<b>232,839</b>	<b>149,776</b>	<b>3,635,376</b>	<b>6,987,345</b>	<b>9,830,212</b>	<b>3,489,417</b>	<b>29,241,319</b>	<b>(2,450,000)</b>	<b>26,791,319</b>

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70300 Net Tenant Rental Revenue	\$ 683,506	\$ -	\$ 683,506	\$ -	\$ -	\$ -	\$ -	\$ 89,508	\$ 2,417,381	\$ 1,423,292	\$ 4,613,687	\$ -	\$ 4,613,687
70400 Tenant Revenue - Other	-	-	-	-	-	-	-	-	61,096	14,566	75,662	-	75,662
<b>70500 Total Tenant Revenue</b>	<b>683,506</b>	<b>-</b>	<b>683,506</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89,508</b>	<b>2,478,477</b>	<b>1,437,858</b>	<b>4,689,349</b>	<b>-</b>	<b>4,689,349</b>
70600 HUD PHA Operating Grants	667,519	23,664	691,183	49,475	3,360,964	21,862	-	-	-	-	4,123,484	-	4,123,484
70610 Capital Grants	-	504,959	504,959	-	-	-	-	-	-	-	504,959	-	504,959
70710 Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>70700 Total Fee Revenue</b>	<b>667,519</b>	<b>528,623</b>	<b>1,196,142</b>	<b>49,475</b>	<b>3,360,964</b>	<b>21,862</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,628,443</b>	<b>-</b>	<b>4,628,443</b>
70800 Other Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	10,891	-	10,891	-	474	-	89	117,730	17	9,268	138,469	(131,810)	6,659
71200 Mortgage Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	15,522	-	-	-	-	-	15,522	-	15,522
71500 Other Revenue	10,761	-	10,761	-	3,908	-	1,149,968	269,882	540	60	1,435,119	(893,129)	541,990
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	5,510	-	-	5,510	-	5,510
72000 Investment Income - Restricted	-	-	-	-	-	-	-	1,014	3,238	-	4,252	-	4,252
<b>70000 Total Revenue</b>	<b>1,372,677</b>	<b>528,623</b>	<b>1,901,300</b>	<b>49,475</b>	<b>3,380,868</b>	<b>21,862</b>	<b>1,150,057</b>	<b>483,644</b>	<b>2,482,272</b>	<b>1,447,186</b>	<b>10,916,664</b>	<b>(1,024,939)</b>	<b>9,891,725</b>

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91100 Administrative Salaries	214,336	4,037	218,373	29,518	182,033	7,653	239,567	-	-	-	677,144	-	677,144
91200 Auditing Fees	4,469	-	4,469	-	3,183	-	3,028	220	12,901	5,878	29,679	-	29,679
91300 Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
91310 Book-keeping Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
91400 Advertising and Marketing	-	-	-	-	-	-	-	-	23	132	155	-	155
91500 Employee Benefit contributions - Administrative	96,104	2,805	98,909	1,469	80,434	585	93,008	-	-	-	274,405	-	274,405
91600 Office Expenses	15,834	-	15,834	-	10,775	-	11,012	-	-	-	37,621	-	37,621
91700 Legal Expense	(403)	-	(403)	-	46	-	(1,010)	957	238	141	(31)	(131)	(162)
91800 Travel	1,890	-	1,890	-	5,220	-	859	-	-	-	7,969	-	7,969
91810 Allocated Overhead	-	-	-	-	-	-	-	-	-	-	-	-	-
91900 Other	38,002	-	38,002	-	42,452	-	88,212	31,067	275,312	212,340	687,385	(506,844)	180,541
<b>91000 Total Operating - Administrative</b>	<b>370,232</b>	<b>6,842</b>	<b>377,074</b>	<b>30,987</b>	<b>324,143</b>	<b>8,238</b>	<b>434,676</b>	<b>32,244</b>	<b>288,474</b>	<b>218,491</b>	<b>1,714,327</b>	<b>(506,975)</b>	<b>1,207,352</b>
92000 Asset Management Fee	-	-	-	-	-	-	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	64,940	-	64,940	-	-	-	93,969	-	51,199	38,421	248,529	(78,239)	170,290
92200 Relocation Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	29,364	-	29,364	-	-	-	42,246	-	-	-	71,610	-	71,610
92400 Tenant Services - Other	12,986	-	12,986	18,488	-	13,624	9,968	-	-	-	55,066	-	55,066
<b>92500 Total Tenant Services</b>	<b>107,290</b>	<b>-</b>	<b>107,290</b>	<b>18,488</b>	<b>-</b>	<b>13,624</b>	<b>146,183</b>	<b>-</b>	<b>51,199</b>	<b>38,421</b>	<b>375,205</b>	<b>(78,239)</b>	<b>296,966</b>

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93100 Water	83,036	-	83,036	-	-	-	-	2,956	15,420	24,203	125,615	-	125,615
93200 Electricity	33,664	-	33,664	-	-	-	-	1,602	117,205	66,562	219,033	-	219,033
93300 Gas	115,449	-	115,449	-	-	-	-	7,801	-	-	123,250	-	123,250
93400 Fuel	9,496	-	9,496	-	-	-	-	-	73,999	49,694	133,189	-	133,189
93500 Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
93600 Sewer	-	-	-	-	-	-	-	2,956	15,420	-	18,376	-	18,376
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>93000 Total Utilities</b>	<b>241,645</b>	<b>-</b>	<b>241,645</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,315</b>	<b>222,044</b>	<b>140,459</b>	<b>619,463</b>	<b>-</b>	<b>619,463</b>
94100 Ordinary Maintenance and Operations - Labor	151,977	-	151,977	-	-	-	229,284	-	180,850	128,277	690,388	(303,495)	386,893
94200 Ordinary Maintenance and Operations - Materials and Other	18,926	-	18,926	-	-	-	-	1,809	42,627	39,544	102,906	-	102,906
94300 Ordinary Maintenance and Operations Contracts	142,288	-	142,288	-	-	-	-	5,339	62,908	62,261	272,796	-	272,796
94500 Employee Benefit Contributions - Ordinary Maintenance	65,011	-	65,011	-	-	-	97,930	-	-	-	162,941	-	162,941
<b>94000 Total Maintenance</b>	<b>378,202</b>	<b>-</b>	<b>378,202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>327,214</b>	<b>7,148</b>	<b>286,385</b>	<b>230,082</b>	<b>1,229,031</b>	<b>(303,495)</b>	<b>925,536</b>
95100 Protective Services - Labor	-	-	-	-	-	-	-	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>95000 Total Protective Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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96110 Property Insurances	45,197	-	45,197	-	9,806	-	10,003	3,916	35,299	22,809	127,030	(4,420)	122,610
96120 Liability Insurance	9,176	-	9,176	-	6,537	-	6,669	3,762	-	-	26,144	-	26,144
96130 Workmen's Compensation	2,700	-	2,700	-	1,923	-	1,961	-	-	-	6,584	-	6,584
96140 All Other Insurance	1,350	-	1,350	-	961	-	981	-	-	-	3,292	-	3,292
<b>96100 Total insurance Premiums</b>	<b>58,423</b>	<b>-</b>	<b>58,423</b>	<b>-</b>	<b>19,227</b>	<b>-</b>	<b>19,614</b>	<b>7,678</b>	<b>35,299</b>	<b>22,809</b>	<b>163,050</b>	<b>(4,420)</b>	<b>158,630</b>
96200 Other General Expenses	-	-	-	-	-	-	42,168	-	20,088	-	62,256	-	62,256
96210 Compensated Absences	49,805	-	49,805	-	16,506	-	60,319	-	-	-	126,630	-	126,630
96300 Payments in Lieu of Taxes	18,003	-	18,003	-	-	-	-	3,730	99,727	28,774	150,234	-	150,234
96400 Bad debt - Tenant Rents	(624)	-	(624)	-	-	-	-	-	-	-	(624)	-	(624)
96500 Bad debt - Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
96800 Severance Expense	9,476	-	9,476	-	6,450	-	8,865	-	-	-	24,791	-	24,791
<b>96000 Total Other General Expenses</b>	<b>76,660</b>	<b>-</b>	<b>76,660</b>	<b>-</b>	<b>22,956</b>	<b>-</b>	<b>111,352</b>	<b>3,730</b>	<b>119,815</b>	<b>28,774</b>	<b>363,287</b>	<b>-</b>	<b>363,287</b>
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	94	84,845	-	84,939	-	84,939
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	-	-	131,809	-	131,809	(131,810)	(1)
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>96700 Total Interest Expense and Amortization Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94</b>	<b>216,654</b>	<b>-</b>	<b>216,748</b>	<b>(131,810)</b>	<b>84,938</b>
<b>96900 Total Operating Expenses</b>	<b>1,232,452</b>	<b>6,842</b>	<b>1,239,294</b>	<b>49,475</b>	<b>366,326</b>	<b>21,862</b>	<b>1,039,039</b>	<b>66,209</b>	<b>1,219,870</b>	<b>679,036</b>	<b>4,681,111</b>	<b>(1,024,939)</b>	<b>3,656,172</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>140,225</b>	<b>521,781</b>	<b>662,006</b>	<b>-</b>	<b>3,014,542</b>	<b>-</b>	<b>111,018</b>	<b>417,435</b>	<b>1,262,402</b>	<b>768,150</b>	<b>6,235,553</b>	<b>-</b>	<b>6,235,553</b>



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97100 Extraordinary Maintenance	4,146	-	4,146	-	1,687	-	1,725	-	-	-	7,558	-	7,558
97200 Casualty Losses - Non-capitalized	(1,000)	-	(1,000)	-	-	-	-	-	-	-	(1,000)	-	(1,000)
97300 Housing Assistance Payments	-	-	-	-	2,949,461	-	-	19,800	-	-	2,969,261	-	2,969,261
97350 HAP Portability-In	-	-	-	-	-	-	-	-	-	-	-	-	-
97400 Depreciation Expense	259,177	18,119	277,296	-	8,509	-	6,236	29,664	395,263	158,476	875,444	-	875,444
97500 Fraud Losses	-	-	-	-	-	-	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>90000 Total Expenses</b>	<b>1,494,775</b>	<b>24,961</b>	<b>1,519,736</b>	<b>49,475</b>	<b>3,325,983</b>	<b>21,862</b>	<b>1,047,000</b>	<b>115,673</b>	<b>1,615,133</b>	<b>837,512</b>	<b>8,532,374</b>	<b>(1,024,939)</b>	<b>7,507,435</b>
10010 Operating Transfer In	16,822	-	16,822	-	-	-	-	-	-	-	16,822	-	16,822
10020 Operating transfer Out	-	(16,822)	(16,822)	-	-	-	-	-	-	-	(16,822)	-	(16,822)
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>10100 Total Other financing Sources (Uses)</b>	<b>16,822</b>	<b>(16,822)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

AUBURN HOUSING AUTHORITY

SUPPLEMENTAL FINANCIAL DATA SCHEDULE  
MARCH 31, 2021

	Project Total	CFP 14.872	Low Rent / CFP Combined	Public Housing CARES Act Funding	14.871 Housing Choice Vouchers	Section 8 Housing Choice Vouchers CARES Act	2 State/Local	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.182 N/C S/R Section 8 Programs	Subtotal	ELIM	Total
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>(105,276)</b>	<b>486,840</b>	<b>381,564</b>	-	54,885	-	103,057	367,971	867,139	609,674	2,384,290	-	2,384,290
11020 Required Annual Debt Principal Payments	-	-	-	-	-	-	-	9,475	619,812	474,882	1,104,169	-	1,104,169
11030 Beginning Equity	3,661,930	233,353	3,895,283	-	(29,564)	-	2,841,988	6,602,461	5,658,074	2,819,514	21,787,756	-	21,787,756
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	182,185	(182,185)	-	-	-	-	-	-	-	-	-	-	-
11050 Changes in Compensated Absence Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-	-	-	-	-	-	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-	-	-	-	-	-	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-	-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
11170 Administrative Fee Equity	-	-	-	-	(20,570)	-	-	-	-	-	(20,570)	-	(20,570)
11180 Housing Assistance Payments Equity	-	-	-	-	45,891	-	-	-	-	-	45,891	-	45,891
11190 Unit Months Available	2,124	-	2,124	-	7,080	-	-	120	2,088	1,332	12,744	-	12,744
11210 Number of Unit Months Leased	2,106	-	2,106	-	6,349	-	-	113	2,079	1,329	11,976	-	11,976
11270 Excess Cash	-	-	-	-	-	-	-	-	-	-	-	-	-
11610 Land Purchases	-	98,368	98,368	-	-	-	-	-	-	-	98,368	-	98,368
11620 Building Purchases	-	406,591	406,591	-	-	-	-	-	-	-	406,591	-	406,591
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-

See accompanying independent auditors' report and notes to financial statements.

AUBURN HOUSING AUTHORITY

SCHEDULE OF CAPITAL GRANT FUND COSTS - COMPLETED  
MARCH 31, 2021

Annual Contributions Contract CF 501-18

Project Number	<b>ME01P00750118</b>
Funds Approved	\$ 335,669
Funds Expended	335,669
Excess (Deficiency) of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 335,669
Funds Expended	335,669
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>

The distribution of costs by project as shown on the Final Statement of Modernization Costs accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.

All modernization costs have been paid and all related liabilities have been discharged through payment.

No budget overruns occurred.

See accompanying independent auditors' report and notes to financial statements.

AUBURN HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MARCH 31, 2021

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal AL Number	Pass-through Grantor Number	Federal Expenditures	Expenditures to Subrecipients
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Direct programs:				
Public and Indian Housing	14.850	N/A	\$ 665,519	\$ -
Public and Indian Housing - CARES	14.850	N/A	49,475	-
			<u>714,994</u>	<u>-</u>
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers	14.871	N/A	3,317,474	-
Section 8 Housing Choice Vouchers - CARES	14.871	N/A	21,862	-
Subtotal Housing Voucher Cluster			<u>3,339,336</u>	<u>-</u>
Public Housing Capital Fund	14.872	N/A	528,623	-
Passed through State of Maine - Maine State Housing Authority:				
Section 8 Project-Based Cluster:				
Section 8 New Construction and Substantial Rehabilitation	14.182	N/A	684,835	-
Section 8 Housing Assistance Payments Program - Esplanade	14.195	N/A	865,602	-
Section 8 Housing Assistance Payments Program - Roak Block	14.195	N/A	805,572	-
Subtotal Section 8 Project-Based Cluster			<u>2,356,009</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>6,938,962</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 6,938,962</u>	<u>\$ -</u>

## AUBURN HOUSING AUTHORITY

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED MARCH 31, 2021

#### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Auburn Housing Authority under programs of the federal government for the year ended March 31, 2021. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Auburn Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Auburn Housing Authority.

#### 2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Auburn Housing Authority has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### 3. Reporting Guidance

The accompanying Schedule of Expenditures of Federal Awards has been prepared following the guidance provided by the U.S. Department of Housing and Urban Development's Real Estate Assessment Center (REAC).



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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

Board of Commissioners  
Auburn Housing Authority  
Auburn, 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 business-type activities of Auburn Housing Authority, as of and for the year ended March 31, 2021 and the related notes to the financial statements, which collectively comprise Auburn Housing Authority basic financial statements and have issued our report thereon dated December 16, 2021.

Internal Control Over Financial Reporting

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

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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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify and deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Auburn 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*. We noted certain other matters that we reported to management of the Auburn Housing Authority in a separate letter dated December 8, 2021.

#### Purpose of the 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.

*RHR Smith & Company*

Buxton, Maine  
December 16, 2021



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

Board of Commissioners  
Auburn Housing Authority  
Auburn, Maine

### Report on Compliance for Each Major Federal Program

We have audited the Auburn Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Auburn Housing Authority's major federal programs for the year ended March 31, 2021. The Auburn 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.

### Management's Responsibility

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

### Auditors' Responsibility

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



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

#### Opinion on Each Major Federal Program

In our opinion, the Auburn Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2021.

#### Report on Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
December 16, 2021

AUBURN HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED MARCH 31, 2021

**Section I - Summary of Auditor's Results**

• *Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.182 and 14.195	Section 8 Project-Based Cluster

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

Auditee qualified as low-risk auditee? yes no

**Section II – Financial Statement Findings**

None

**Section III – Federal Awards Findings and Questioned Costs**

None