




Auburn Housing Authority

FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION

March 31, 2023
With Independent Auditor's Reports



AUBURN HOUSING AUTHORITY

March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Auburn Housing Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Auburn Housing Authority, (the Authority), which comprise the statement of net position as of March 31, 2023, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of March 31, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the year ended March 31, 2023. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

U.S. GAAP require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability (asset), the schedule of contributions - pension, the schedule of proportionate share of the net OPEB liability - group life, the schedule of changes in net OPEB liability and related ratios - health plan, and related notes to the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that comprise the Authority's basic financial statements. The following accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements:

1. Supplemental Financial Data Schedule;
2. Statement of Capital Grant Fund Costs - Uncompleted; and
3. Schedule of Expenditures of Federal Awards (SEFA), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and related notes to the SEFA.

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits 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 U.S. GAAS. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
September 28, 2023

AUBURN HOUSING AUTHORITY

Management's Discussion and Analysis (Unaudited)

March 31, 2023

The following management's discussion and analysis of Auburn Housing Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for the fiscal year ended March 31, 2023. Please read it in conjunction with the Authority's financial statements.

Financial Statement Overview

The 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 government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position.

The Statement of Revenues, Expenses and Changes in Net Position – This statement presents information that shows how the government'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.

AUBURN HOUSING AUTHORITY

Management's Discussion and Analysis (Unaudited) (Continued)

March 31, 2023

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other local governments, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Authority can be classified in one category: proprietary funds.

Proprietary Funds – The Authority maintains one major proprietary fund. These funds are used to show activities that operate more like those of commercial enterprises. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

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 (asset), a schedule of contributions—pension, a schedule of proportionate share of the net OPEB liability—group life, a schedule of changes in net OPEB liability—health plan, and notes to required supplementary information.

Other Supplementary Information

Other supplementary information follows the required supplementary information. The supplemental financial data schedule provides specific details on the Authority's program activities. The statement of capital grant fund costs—uncompleted provides detail on uncompleted capital grant funds. The schedule of expenditures of federal awards provides a listing of current year expenditures related to federal awards.

Government-Wide Financial Analysis

Our analysis below focuses on the net position and changes in net position of the Authority's business-type activities. In 2023, the Authority's business-type net position increased by \$1,439,288. The increase in business-type activities was primarily due to operating income and capital grant and contributions of \$597,402. In 2022, the Authority's business-type net position increased by \$1,648,513. The increase in business-type activities was primarily due to operating income.

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 \$509,620 from \$10,940,179 to a balance of \$11,449,799 at the end of this year.

AUBURN HOUSING AUTHORITY

Management's Discussion and Analysis (Unaudited) (Continued)

March 31, 2023

Table 1
Statements of Net Position
March 31

	<u>Business Type Activities</u>	
	<u>2023</u>	<u>2022</u>
Assets		
Current	\$ 14,813,081	\$ 13,795,932
Noncurrent assets		
Capital assets	14,020,483	12,989,649
Other noncurrent asset	611,000	611,000
Net pension assets	<u>-</u>	<u>49,628</u>
Total assets	<u>\$ 29,444,564</u>	<u>\$ 27,446,209</u>
Deferred outflows of resources	<u>\$ 355,117</u>	<u>\$ 376,419</u>
Liabilities		
Current liabilities	\$ 930,366	\$ 629,947
Noncurrent liabilities	<u>1,276,227</u>	<u>576,598</u>
Total liabilities	<u>\$ 2,206,593</u>	<u>\$ 1,206,545</u>
Deferred inflows of resources	<u>\$ 333,241</u>	<u>\$ 795,524</u>
Net position		
Net investment in capital assets	\$ 13,491,160	\$ 12,810,487
Restricted	2,318,888	2,069,893
Unrestricted	<u>11,449,799</u>	<u>10,940,179</u>
Total net position	<u>\$ 27,259,847</u>	<u>\$ 25,820,559</u>

Major Factors Affecting the Statements of Net Position

Total assets increased by 7.28% and 3.36% in 2023 and 2022, respectively. For both years, this was due to an increase in capital asset additions and increased cash balances from positive operating income. Additionally, in the current year, the Authority recorded a right-of-use asset due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, of \$352,401.

Total liabilities, increased by 82.89% in 2023 due to the accrued pension liability, which was \$443,403 as of March 31, 2023, while the balance was an accrued pension asset at March 31, 2022 of \$49,628. This balance is actuarially-determined and subject to annual fluctuations outside of the control of the Authority. Additionally, in the current year, the Authority recorded a lease liability of \$356,857 due to the implementation of GASB Statement No. 87, *Leases*. Total liabilities decreased by 51.80% in 2022 due to paydown of two loan balances and an accrued pension asset balance.

AUBURN HOUSING AUTHORITY

Management's Discussion and Analysis (Unaudited) (Continued)

March 31, 2023

Table 2

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended March 31

	<u>Business Type Activities</u>	
	<u>2023</u>	<u>2022</u>
Revenues		
Tenant rental income	\$ 4,959,724	\$ 4,855,021
Department of Housing and Urban Development (HUD) grants and contributions	5,623,594	4,342,928
Interest and investment gain (loss)	19,933	(45,808)
Gain on disposal of right-of-use assets	123,099	-
Other revenue	<u>328,999</u>	<u>376,303</u>
Total revenues	<u>11,055,349</u>	<u>9,528,444</u>
Expenses		
Housing assistance payments	3,854,226	3,047,915
Administration	1,778,125	1,434,262
Tenant services	355,018	310,019
Utilities	645,888	622,661
Repairs and maintenance	1,409,063	991,741
Insurance expense	164,673	160,201
Depreciation and amortization expense	948,794	900,573
Interest expense	35,894	34,448
Other general expenses	<u>305,016</u>	<u>378,111</u>
Total expenses	<u>9,496,697</u>	<u>7,879,931</u>
Change in net position	1,558,652	1,648,513
Net position - April 1	25,820,559	24,172,046
Cumulative effect adjustment from implementation of GASB Statement No. 87, <i>Leases</i>	<u>(119,364)</u>	<u>-</u>
Net position - March 31	<u>\$ 27,259,847</u>	<u>\$ 25,820,559</u>

AUBURN HOUSING AUTHORITY

Management's Discussion and Analysis (Unaudited) (Continued)

March 31, 2023

Major Factors Affecting the Statements of Revenue, Expenses, and Changes in Net Position

In 2023, the business-type activities revenues experienced an increase of 16.02%, while expenses increased by 20.52% from the prior fiscal year due to increased revenue received from HUD and increased housing assistance payments and the expenses associated with these revenues. In 2022, the business-type activities revenues experienced a decrease of 3.68%, while expenses increased by 4.95% from the prior fiscal year due to decreases in contributions revenue and increases in payroll expenses year-over-year.

Capital Asset and Debt Activity

Capital Assets

As of March 31, 2023, the net book value of capital assets recorded by the Authority increased by \$1,030,834 from the prior year. This increase is the result of capital asset additions of approximately \$1,641,821, including the right-of-use asset, offset by \$948,794 of depreciation and amortization expense. As of March 31, 2022, the net book value of capital assets recorded by the Authority increased by \$268,933 from the balance at March 31, 2021. This increase is the result of capital asset additions of approximately \$1,169,505 offset by \$900,573 of depreciation expense.

Table 3

Capital Assets (Net of Accumulated Depreciation and Amortization)

March 31

	<u>2023</u>	<u>2022</u>
Land and improvements	\$ 4,567,419	\$ 4,701,424
Construction in progress	1,603,257	771,860
Buildings and improvements	30,620,452	31,142,412
Right-of-use asset	363,079	-
Dwelling equipment	1,143,077	1,219,435
Nondwelling equipment	<u>1,659,669</u>	<u>1,983,908</u>
	39,956,953	39,819,039
Accumulated depreciation and amortization	<u>(25,936,470)</u>	<u>(26,829,390)</u>
Net capital assets	<u>\$ 14,020,483</u>	<u>\$ 12,989,649</u>

Debt

At March 31, 2023, the Authority had \$172,466 in notes from direct borrowings payable outstanding, versus \$179,162 last year, a decrease of \$6,696 as shown in Note 6 of the Notes to Financial Statements. At March 31, 2022, the Authority had a decrease of \$570,970, due to payoff of outstanding debt, when compared to the balance at March 31, 2021.

AUBURN HOUSING AUTHORITY

Management's Discussion and Analysis (Unaudited) (Concluded)

March 31, 2022

Currently Known Facts, Decisions, or Conditions

Economic Factors

Significant economic factors that affect the Authority are federal funding by HUD, 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

March 31, 2023

ASSETS

Current assets:

Cash and cash equivalents - unrestricted	\$ 9,040,298
Cash and cash equivalents - restricted	3,046,262
Investments - unrestricted	1,281,111
Accounts receivable, net of allowance for doubtful accounts	1,381,969
Prepaid expenses and other current assets	<u>63,441</u>

Total current assets 14,813,081

Noncurrent assets:

Capital assets

Land, construction in progress, and assets not being depreciated	3,269,667
Land improvements, buildings, and equipment, net of accumulated depreciation	10,398,415
Right-of-use asset, net of accumulated amortization	<u>352,401</u>

Net capital assets 14,020,483

Noncurrent portion of notes receivable 610,000

Other assets 1,000

Total noncurrent assets 14,631,483

Total assets \$ 29,444,564

DEFERRED OUTFLOWS OF RESOURCES

Pension	\$ 298,500
Other Postemployment Benefits (OPEB)	<u>56,617</u>

Total deferred outflows of resources \$ 355,117

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

AUBURN HOUSING AUTHORITY

Statement of Net Position (Concluded)

March 31, 2023

LIABILITIES

Current liabilities:

Accounts payable	\$ 447,085
Due to other governments	30,119
Accrued wages	94,656
Interest payable	1,150
Unearned revenue	40,758
Tenant security deposits	182,679
Other current liabilities	54,489
Current portion of long-term obligations:	
Lease obligations	15,719
Accrued compensated absences	56,458
Notes from direct borrowings payable	<u>7,253</u>

Total current liabilities 930,366

Noncurrent liabilities:

Lease obligations, net of current portion	341,138
Accrued compensated absences, net of current portion	56,686
Notes from direct borrowings payable, net of current portion	165,213
Net pension and OPEB liability	<u>713,190</u>

Total noncurrent liabilities 1,276,227

Total liabilities \$ 2,206,593

DEFERRED INFLOWS OF RESOURCES

Pension	\$ 198,938
OPEB	<u>134,303</u>

Total deferred inflows of resources \$ 333,241

NET POSITION

Net investment in capital assets	\$ 13,491,160
Restricted	2,318,888
Unrestricted	<u>11,449,799</u>

Total net position \$ 27,259,847

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

AUBURN HOUSING AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position

Year Ended March 31, 2023

Operating revenues:	
Tenant rental income	\$ 4,959,724
Department of Housing and Urban Development (HUD) grants and contributions	5,026,192
Other revenue	<u>329,499</u>
Total operating revenues	<u>10,315,415</u>
Operating expenses:	
Housing assistance payments	3,854,226
Administration	1,778,125
Tenant services	355,018
Utilities	645,888
Repairs and maintenance	1,409,063
Insurance expense	164,673
Depreciation and amortization expense	948,794
Other general expenses	<u>305,016</u>
Total operating expenses	<u>9,460,803</u>
Operating income	<u>854,612</u>
Nonoperating revenues (expenses):	
Interest and investment gain	19,933
Gain on disposal of right-of-use assets	123,099
Interest expense	<u>(35,894)</u>
Net nonoperating revenues	<u>107,138</u>
Income before capital contributions	961,750
Capital contributions:	
HUD capital grants and contributions	<u>596,902</u>
Change in net position	1,558,652
Net position at beginning of year	25,820,559
Cumulative effect adjustment from implementation of GASB Statement No. 87, <i>Leases</i>	<u>(119,364)</u>
Net position at end of year	<u>\$ 27,259,847</u>

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

AUBURN HOUSING AUTHORITY

Statement of Cash Flows

Year Ended March 31, 2023

Cash flows from operating activities	
Receipts from tenants	\$ 4,075,296
HUD grants and contributions	5,026,192
Other operating receipts	329,499
Payments to employees	(2,738,405)
Payments to vendors	<u>(5,518,584)</u>
Net cash provided by operating activities	<u>1,173,998</u>
Cash flows from capital and financing activities	
Purchases of capital assets	(1,603,639)
HUD capital grants	596,902
Interest paid	(35,938)
Payments on lease obligations	(15,397)
Payments on notes from direct borrowings payable	<u>(6,696)</u>
Net cash used by capital and financing activities	<u>(1,064,768)</u>
Cash flows from investing activities	
Interest and investment gain	19,933
Decrease in investments	<u>21,995</u>
Net cash provided by investing activities	<u>41,928</u>
Net increase in cash and cash equivalents	151,158
Cash and cash equivalents, beginning of year	<u>11,935,402</u>
Cash and cash equivalents, end of year	\$ <u><u>12,086,560</u></u>
Composition of cash and cash equivalents	
Cash and cash equivalents - unrestricted	\$ 9,040,298
Cash and cash equivalents - restricted	<u>3,046,262</u>
	\$ <u><u>12,086,560</u></u>

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

AUBURN HOUSING AUTHORITY
Statement of Cash Flows (Concluded)
Year Ended March 31, 2023

Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 854,612
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization expense	948,794
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
(Increase) decrease in	
Accounts receivable, net	(884,428)
Prepaid expenses and other current assets	(3,558)
Deferred outflows of resources	21,302
(Decrease) increase in	
Accounts payable	303,406
Due to other governments	(32,113)
Accrued wages	18,513
Unearned revenue	662
Tenant security deposits	2,742
Other current liabilities	(11,751)
Accrued compensated absences	(3,569)
Net pension and OPEB liability	421,669
Deferred inflows of resources	<u>(462,283)</u>
Net cash provided by operating activities	<u>\$ 1,173,998</u>

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

AUBURN HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2023

1. Summary of Significant Accounting Policies

Reporting Entity

The Auburn Housing Authority (the 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 (HUD) and other federal agencies.

The Authority's financial statements are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. 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, *The Financial Reporting Entity*, and amended by GASB Statements No. 39, *Determining Whether Certain Organizations Are Component Units*, and 61, *The Financial Reporting Entity: Omnibus*.

Basic Financial Statements and Fund Financial Statements

The Authority's basic financial statements include government-wide (reporting the Authority as a whole) financial statements. The financial statements categorize the primary government's activities as business-type activities.

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 types are used by the Authority:

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The U.S. GAAP 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 Authority has elected to report a single enterprise proprietary fund and its primary operations comprise a number of housing and grant programs as follows:

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

1. Summary of Significant Accounting Policies (Continued)

Enterprise Funds

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.

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

Low Rent Public Housing - Under this program, the Authority owns, operates, and maintains rental housing acquired with grants from 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 Housing Assistance Program (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.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The financial statements of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Authority are included in the statement of net position. The Authority's net position is reported in three parts - net investment in capital assets, restricted net position, and unrestricted net position.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses are derived from providing services in connection with the Authority's ongoing operations. Operating revenues generally include rental income and housing assistance payments and fees from the Section 8 programs. Operating revenues also include other operating grants. Operating expenses generally include housing assistance payments, administrative expenses, tenant services, utilities, maintenance and operations, general expenses, and depreciation on capital assets. All other revenues and expenses not meeting the definition of operating revenues and expenses are reported as nonoperating revenues and expenses or as capital contributions.

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

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.

The Authority is authorized by HUD to invest in obligations of the Federal Government, obligations of Federal Government Agencies, and deposits and repurchase agreements at federally insured depository institutions with amounts in excess of the FDIC insurance limitation collateralized by Federal securities.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

1. Summary of Significant Accounting Policies (Continued)

It is the Authority's policy to value investments at fair value. 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 as follows:

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

Accounts Receivable

Accounts receivable include amounts due from tenants under rental agreements. All accounts receivables are current and, therefore, due within one year. Accounts receivables are reported net of an allowance for doubtful accounts. Allowances are reported when accounts are proven to be uncollectible. The allowance for doubtful accounts is estimated to be \$64,125 as of March 31, 2023.

Prepaid Expenses

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

Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. 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.

Estimated useful lives are as follows:

Land improvements	15 years
Buildings and improvements	15 - 40 years
Dwelling and nondwelling equipment	3 - 10 years

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

1. Summary of Significant Accounting Policies (Continued)

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 lease obligations, notes from direct borrowings payable, net pension and Other Postemployment Benefits (OPEB) liability and accrued compensated absences.

Pension

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.

OPEB

For purposes of measuring the net 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 Employee 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, 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, 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.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense for the Maine Municipal Employees Health Trust (MMEHT) management received and relied on an actuarial report provided to them by 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.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

1. Summary of Significant Accounting Policies (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position reports 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 of resources related to pension 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 reports 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 of resources related to pension and OPEB qualify for reporting in this category. These items are reported in the statement of net position.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and amortization, 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.

Operating/Nonoperating 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.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

1. Summary of Significant Accounting Policies (Concluded)

New Accounting Pronouncement

As of March 31, 2023, the Authority adopted GASB Statement No. 87, *Leases*. This Statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the lease contracts. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

2. Deposits and Investments

The Authority follows state statutes for the investment of funds, which 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. These 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 Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund (NCUSIF) as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. All bank deposits were insured by federal depository insurance or collateralized by government securities in the name of the Authority and were, therefore, not exposed to custodial credit risk.

Investments

Custodial credit risk for investments is the risk 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.

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 various certificates of deposit and U.S. government and agency obligations.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

2. Deposits and Investments (Concluded)

At March 31, 2023, the Authority had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>Greater than 5 Years</u>
Debt Securities:				
U.S. Government and Agency Obligations	\$ <u>1,281,111</u>	\$ <u> -</u>	\$ <u>1,031,155</u>	\$ <u>249,956</u>

Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GASB No. 72 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets measured at fair value on a recurring basis are summarized below:

	<u>Fair Value Measurements Using:</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level				
U.S. Government and Agency Obligations	\$ <u>1,281,111</u>	\$ <u> -</u>	\$ <u>1,281,111</u>	\$ <u> -</u>

Debt securities classified in Level 2 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 1 or 3 investments. Certificates of deposit held with local financial institutions are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

3. Restriction on Cash and Cash Equivalents

The Authority's total current restricted cash and cash equivalents balance as of March 31, 2023 is comprised of:

Future HAP	\$ 10,402
Tenant security deposits	182,680
Required restricted reserves	2,308,486
Modernization and development projects	<u>544,694</u>
	<u>\$ 3,046,262</u>

These restricted cash and cash equivalent balances are supported by corresponding liabilities or restricted net position of the funds.

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 \$39,802, \$3,770 from Auburn Housing Development Corporation, \$4,899 from Webster School, a related party with common management, \$28,051 from 62 Spring Street, LP, and \$3,082 from Vincent Square, LP.

5. Capital Assets

The following tables provide a summary of changes in capital assets:

	April 1, <u>2022</u>	<u>Additions</u>	Transfers/ <u>Decreases</u>	<u>March 31,</u> <u>2023</u>
Non-depreciated assets:				
Land	\$ 1,666,410	\$ -	\$ -	\$ 1,666,410
Construction in progress	<u>771,860</u>	<u>878,154</u>	<u>(46,757)</u>	<u>1,603,257</u>
	<u>2,438,270</u>	<u>878,154</u>	<u>(46,757)</u>	<u>3,269,667</u>
Depreciated assets:				
Land improvements	3,035,014	239,571	(373,576)	2,901,009
Buildings and improvements	31,142,412	469,608	(991,568)	30,620,452
Right-of-use asset	-	916,336	(553,257)	363,079
Furniture, equipment, and machinery - dwellings	1,219,435	16,306	(92,664)	1,143,077
Furniture, equipment, and machinery - administration	<u>1,983,908</u>	<u>-</u>	<u>(324,239)</u>	<u>1,659,669</u>
	<u>37,380,769</u>	<u>1,641,821</u>	<u>(2,335,304)</u>	<u>36,687,286</u>

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

5. Capital Assets (Concluded)

	<u>April 1, 2022</u>	<u>Additions</u>	<u>Transfers/ Decreases</u>	March 31, 2023
Accumulated depreciation				
Land improvements	\$ (2,536,053)	\$ (61,417)	\$ 373,576	\$ (2,223,894)
Buildings and improvements	(21,906,163)	(719,526)	1,034,505	(21,591,184)
Furniture, equipment, and machinery—dwellings	(930,727)	(45,094)	92,664	(883,157)
Furniture, equipment, and machinery—administration	<u>(1,456,447)</u>	<u>(99,169)</u>	<u>328,059</u>	<u>(1,227,557)</u>
Total accumulated depreciation	(26,829,390)	(925,206)	1,828,804	(25,925,792)
Less accumulated amortization for right-of-use assets	-	(23,588)	12,910	(10,678)
	<u>(26,829,390)</u>	<u>(948,794)</u>	<u>1,841,714</u>	<u>(25,936,470)</u>
Net capital assets	<u>\$ 12,989,649</u>	<u>\$ 1,571,181</u>	<u>\$ (540,347)</u>	<u>\$ 14,020,483</u>

6. Notes from Direct Borrowings Payable

The following is a summary of changes in notes from direct borrowings payable:

	<u>Balance April 1, 2022</u>	<u>Additions</u>	<u>Payments</u>	Balance March 31, 2023	Current Portion
Notes from direct borrowing payable	\$ <u>179,162</u>	\$ <u>-</u>	\$ <u>(6,696)</u>	\$ <u>172,466</u>	\$ <u>7,253</u>

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

\$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. \$ 172,466

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

6. Notes from Direct Borrowings Payable (Concluded)

The following is a summary of outstanding notes from direct borrowings payable principal and interest requirements for the fiscal years ending March 31:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 7,253	\$ 13,536	\$ 20,789
2025	7,855	12,934	20,789
2026	8,507	12,282	20,789
2027	9,214	11,575	20,789
2028	9,978	10,811	20,789
2029-2033	63,778	40,167	103,945
2034-2037	<u>65,881</u>	<u>10,346</u>	<u>76,227</u>
	<u>\$ 172,466</u>	<u>\$ 111,651</u>	<u>\$ 284,117</u>

7. Other Noncurrent Obligations

A summary of changes in other noncurrent obligations for the year ended March 31, 2023 is as follows:

	<u>Balance April 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2023</u>	<u>Current Portion</u>
Lease obligations (Note 16)	\$ -	\$ 808,865	\$ (452,008)	\$ 356,857	\$ 15,719
Accrued compensated absences	116,713	50,159	(53,728)	113,144	56,458
Net pension liability (Note 9)	-	443,403	-	443,403	-
Net OPEB liability (Note 10 & 11)	<u>341,149</u>	<u>-</u>	<u>(71,362)</u>	<u>269,787</u>	<u>-</u>
	<u>\$ 457,862</u>	<u>\$ 302,427</u>	<u>\$ (577,098)</u>	<u>\$ 1,183,191</u>	<u>\$ 72,177</u>

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, 2023, the Authority's liability for compensated absences is \$113,144.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

9. Defined Benefit Pension Plan

Plan Description

Authority employees contribute to the Maine Public Employee Retirement System (the System), 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 System issues a publicly available financial report that includes financial statements and required supplementary information for the PLD Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

Benefits Provided

The 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. 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 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, 2022, there were 311 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 1.52%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. The contribution rates of plan members and the Authority are established and may be amended by the System's advisory group.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

9. Defined Benefit Pension Plan (Continued)

Pension Liability

At March 31, 2023, the Authority reported a liability of \$113,144 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was 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, 2022, the Authority's proportion was 0.1667979%, which was an increase of 0.0123689% from its proportion measured as of June 30, 2021.

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

For the year ended March 31, 2023, the Authority recognized net pension benefit of \$34,576 for the PLD Consolidated Plan. At March 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 82,404	\$ -
Changes of assumptions	89,996	
Net difference between expected and actual earnings on pension plan investments	-	186,100
Changes in proportion and differences between contributions and proportionate share of contributions	23,036	12,838
Contributions subsequent to the measurement date	<u>103,064</u>	<u>-</u>
Total	<u>\$ 298,500</u>	<u>\$ 198,938</u>

The amount of \$103,064 reported as deferred outflows of resources related to pensions as of March 31, 2023 resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending March 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending March 31:	
2023	\$ 54,589
2024	(29,884)
2025	(115,616)
2026	87,409

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

9. Defined Benefit Pension Plan (Continued)

Actuarial Methods and Assumptions

The total pension liability for the plan was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions 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. 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

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing 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 asset 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.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

9. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions and Other Inputs

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2022 are as follows:

Investment Rate of Return – 6.50% per annum for the year ended June 30, 2022.

Salary Increases, Merit and Inflation – 2.75% to 11.48% per year for 2022.

Mortality Rates – For active members and non-disabled retirees of the PLD Consolidated Plan, the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model was used.

Cost of Living Adjustment – 1.91%, per annum

The long-term expected rate of return on pension plan investments 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, 2022 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equities	30.0 %	6.0 %
U.S. Government	7.5	2.3
Private equity	15.0	7.6
Real assets:		
Real estate	10.0	5.2
Infrastructure	10.0	5.3
Natural resources	5.0	5.0
Traditional credit	7.5	3.2
Alternative credit	5.0	7.4
Diversifiers	10.0	5.9

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

9. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the collective total pension liability was 6.5% for 2022 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 presents the Authority's proportionate share of the net pension (asset) liability calculated using the discount rate of 6.50% for June 30, 2022, as well as what the Authority's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>(5.50%)</u>	Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Authority's proportionate share of the net pension (asset) liability	\$ <u>1,309,945</u>	\$ <u>443,403</u>	\$ <u>(272,821)</u>

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension asset multiplied by the employer's proportionate share as of June 30, 2022 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, 2022 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 resources.

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.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

9. Defined Benefit Pension Plan (Concluded)

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, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. 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.

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.

Additional Information for the Pension Plan

Additional financial and actuarial information with respect to the Plan can be found in the System's 2022 Annual Comprehensive Financial Report available online at www.maineopers.org or by contacting the System at (207) 512-3100.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

10. OPEB Maine Public Employees Retirement System Plan

Plan Description

Authority employees contribute to the Group Life Insurance Plan for Retired PLD (the PLD Consolidated Plan of the System), 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 PLD 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, 2022, there were 139 employers participating in the plan. The System issues a publicly available financial report that includes financial statements and required supplementary information for the PLD Consolidated Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

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 System'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 \$0.48 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 \$0.48 per \$1,000 of coverage per month during the post-employment retired period.

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

At March 31, 2023, the Authority reported a liability of \$69,352 for its net OPEB liability for this OPEB Plan. The total OPEB liability was measured as of June 30, 2022 and 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, 2022, the Authority's proportion was 0.478846%, which was an increase of 0.000085% from its proportion measured as of June 30, 2021.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

10. OPEB Maine Public Employees Retirement System Plan (Continued)

For the year ended March 31, 2023, the Authority recognized net OPEB expense of \$693. At March 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to this OPEB Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,373	\$ 613
Changes of assumptions	5,767	21,656
Changes of proportion	10,707	697
Net difference between expected and actual investment earnings	5,996	-
Distributions subsequent to the measurement date	<u>(6,624)</u>	<u>-</u>
Total	<u>\$ 19,219</u>	<u>\$ 22,966</u>

\$6,624 were reported as deferred outflows of resources related to OPEB resulting from Authority distributions subsequent to the measurement date will be recognized as an addition of the net OPEB liability in the year ended March 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to this OPEB Plan will be recognized in OPEB expense as follows:

Year ending March 31:	
2023	\$ 461
2024	(1,461)
2025	(4,015)
2026	6,110
2027	1,882
Thereafter	(100)

Actuarial Methods and Assumptions

The total OPEB liability for this OPEB Plan was determined by an actuarial valuation as of June 30, 2022, using the following methods and assumptions applied to all periods included in the measurement:

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

10. OPEB Maine Public Employees Retirement System Plan (Continued)

Actuarial Cost Method

Projections of benefits for financial reporting purposes are based on the provisions of this OPEB Plan in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the funding methodologies.

Costs are developed using the individual entry age normal cost method based on a level percentage of payroll.

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, 2022, there were 8 years remaining for this OPEB Plan.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study conducted for the period of July 1, 2015 to June 30, 2020.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2022 are as follows:

Investment Rate of Return - For the PLD Plan, 6.50% per annum, compounded annually.

Inflation Rate - 2.75%

Annual Salary Increases including Inflation - For the PLD Plan, 2.75% to 11.48% per year.

Mortality Rates - For active members and non-disabled retirees of the PLD Consolidated Plan, the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model was used.

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.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

10. OPEB Maine Public Employees Retirement System Plan (Continued)

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 arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2022 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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 %

Discount Rate

The discount rate used to measure the collective total OPEB liability was 6.50% for 2022. 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 as of June 30, 2022 would change if the discount rate used was one-percentage point lower or one percentage point higher than the current rate.

	1% Decrease <u>(5.50%)</u>	Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Authority's proportionate share of the net OPEB benefits liability	\$ <u>94,127</u>	\$ <u>69,352</u>	\$ <u>49,460</u>

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, 2022 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, 2022 with the following exceptions:

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

10. OPEB Maine Public Employees Retirement System Plan (Concluded)

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors is 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 Expected and Actual Earnings on OPEB Plan Investments

Differences between expected 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 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.

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.

Additional Information for the OPEB Plan

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2022 Annual Comprehensive Financial Report available online at www.maineper.org or by contacting the System at (207) 512-3100.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

11. OPEB Maine Municipal Employees Health Trust Postretirement Benefit Health Insurance Plan

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 OPEB 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. This OPEB 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 this OPEB plan. The retiree must enroll when first eligible and continue coverage without interruption.

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.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

11. OPEB Maine Municipal Employees Health Trust Postretirement Benefit Health Insurance Plan (Continued)

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

At March 31, 2023, the Authority reported a liability of \$200,435 for its total OPEB liability for this OPEB Plan. The total OPEB liability was measured as of January 1, 2022 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, 2023, the Authority recognized OPEB expense of \$19,302. At March 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,650	\$ 99,802
Changes of assumptions	<u>33,748</u>	<u>11,535</u>
Total	<u>\$ 37,398</u>	<u>\$ 111,337</u>

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

Year ending March 31:	
2023	\$ (6,609)
2024	(12,704)
2025	(9,425)
2026	(13,212)
2027	(15,994)
Thereafter	(15,995)

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

11. OPEB Maine Municipal Employees Health Trust Postretirement Benefit Health Insurance Plan (Continued)

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, 2022. 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 2.06% per annum for December 31, 2022 was based upon a measurement date of December 31, 2021. The sensitivity of net OPEB liability to changes in discount rate are as follows:

	1% Decrease <u>(1.06%)</u>	Discount Rate <u>(2.06%)</u>	1% Increase <u>(3.06%)</u>
Net OPEB liability	\$ <u>230,888</u>	\$ <u>200,435</u>	\$ <u>175,298</u>
Plan fiduciary net position as a percentage of the total OPEB liability	- %	- %	- %

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
Net OPEB liability	\$ <u>172,867</u>	\$ <u>200,435</u>	\$ <u>234,880</u>
Plan fiduciary net position as a percentage of the total OPEB liability	- %	- %	- %

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

11. OPEB Maine Municipal Employees Health Trust Postretirement Benefit Health Insurance Plan (Continued)

Actuarial Methods and Assumptions

The total OPEB liability as of March 31, 2023 was determined by an actuarial valuation as of January 1, 2022, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to value the OPEB Plan's actuarial liabilities and to set the normal cost. 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, 2021. 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 the OPEB 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, 2022 actuarial valuation was based on economic, demographic, and claim and expense assumptions that resulted from actuarial studies conducted for the period of December 31, 2021.

Significant actuarial assumptions employed by the actuary for economic purposes are the assumptions that were adopted by Maine State Retirement Consolidated Plan for PLD at June 30, 2021 and based on the experience study covering the period from June 30, 2016 through June 30, 2020. As of January 1, 2022, they are as follows:

Discount Rate - 2.06% per annum.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

11. OPEB Maine Municipal Employees Health Trust Postretirement Benefit Health Insurance Plan (Continued)

Trend Assumptions:

Non-Medicare Medical – Initial trend of 6.25% applied in 2022 grading over 20 years to 3.53% per annum.

Non-Medicare Drug – Initial trend of 13.10% applied in 2022 grading over 20 years to 3.53% per annum.

Medicare Medical – Initial trend of 5.00% applied in 2022 grading over 20 years to 3.53% per annum.

Medicare Drug – Initial trend of 9.90% applied in 2022 grading over 20 years to 3.53% per annum.

Administrative and claims expense – 3% per annum.

Future plan changes – Assumes that the current OPEB Plan and cost-sharing structure remain in place for all future years.

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, 2021.

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 three 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.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

11. OPEB Maine Municipal Employees Health Trust Postretirement Benefit Health Insurance Plan (Continued)

Rate of Mortality – Healthy Annuitant: Based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. The proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale. These rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for PLD at June 30, 2021.

Rate of Mortality – Active Employees: Rates of mortality are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality. As prescribed by the Trust, mortality rates were taken from the assumptions for the Maine State Retirement PLD Consolidated Plan at June 30, 2021.

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 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.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

11. OPEB Maine Municipal Employees Health Trust Postretirement Benefit Health Insurance Plan (Concluded)

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 were based primarily on those used by Maine State Retirement Consolidated Plan for PLD at June 30, 2021 which were based on the experience study covering the period from June 30, 2016 through June 30, 2020. 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.

Additional Information for the OPEB Plan

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

12. OPEB - 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 \$193.56 per month for the sixteen retirees at March 31, 2023. The cost for future years cannot be determined at this time.

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.

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Continued)

March 31, 2023

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, 2023. 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.

15. Collateralization

At March 31, 2023, 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 November 2, 2023, authorizes one draw only up to the amount of \$1,350,000. There were no draws during the year ended March 31, 2023.

16. Leases

The Authority entered into a fifteen-year operating lease, effective January 1, 2012, for the building in which the administrative office of the Authority is currently located. The initial term ends on January 1, 2027 and may be extended at the Authority's option for two additional five-year terms. Effective November 1, 2022, the lease terms were significantly modified. As a result, the original right-of-use asset and lease liability were terminated and a modified right-of-use asset and lease liability were recorded. This resulted in a gain on disposal of the right-of-use asset of \$123,099.

The following table presents the lease-related assets and liabilities as of March 31, 2023:

	<u>2023</u>
Right-of-use assets	\$ 363,079
Accumulated amortization on right-of-use assets	<u>(10,678)</u>
Right-of-use assets, net	<u>\$ 352,401</u>
Lease obligations - current portion	\$ 15,719
Lease obligations - long-term portion	<u>341,138</u>
Total lease obligations	<u>\$ 356,857</u>

AUBURN HOUSING AUTHORITY

Notes to Financial Statements (Concluded)

March 31, 2023

16. Leases (Concluded)

A maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the lease obligations, and certain other statistical data related to these leases, follows:

2024	\$	41,076
2025		41,076
2026		41,076
2027		41,076
2028		41,076
Thereafter		<u>359,415</u>
Total		564,795
Less: discount		<u>(207,938)</u>
Total	\$	<u><u>356,857</u></u>
Weighted-average discount rate		7.25%
Weighted average remaining lease term		13.75 years

SUPPLEMENTARY INFORMATION

AUBURN HOUSING AUTHORITY

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

AUBURN HOUSING AUTHORITY

Schedule of Proportionate Share of the Net Pension Liability (Asset)
Last 10 Fiscal Years*

Participating Local District (PLD) Plan:	Measurement Date									
	<u>2022</u>	<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>2013</u>
Proportionate share of the net pension liability (asset)	0.17 %	0.15 %	0.17 %	0.18 %	0.18 %	0.20 %	0.21 %	0.20 %	0.19 %	0.17 %
Proportionate share of the net pension liability (asset)	\$ 443,403	\$ (49,628)	\$ 657,040	\$ 542,577	\$ 503,454	\$ 813,085	\$ 1,101,034	\$ 627,798	\$ 286,873	\$ 537,536
Covered payroll	\$ 1,025,054	\$ 1,040,636	\$ 1,160,787	\$ 1,086,905	\$ 1,083,584	\$ 1,070,628	\$ 1,088,152	\$ 1,006,988	\$ 990,634	\$ 969,572
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	43.26 %	(4.77)%	56.60 %	49.92 %	46.46 %	75.94 %	101.18 %	62.34 %	28.96 %	55.44 %
Plan fiduciary net position as a percentage of the total pension liability	93.26 %	100.86 %	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 of the prior fiscal year and are for those years for which information is available.

AUBURN HOUSING AUTHORITY
Schedule of Contributions – Pension
Last 10 Fiscal Years*

PLD Plan:	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 103,064	\$ 96,883	\$ 104,826	\$ 105,970	\$ 107,597	\$ 101,784	\$ 100,101	\$ 90,198	\$ 75,325	\$ 61,459
Contributions in relation to the contractually required contribution	<u>(103,064)</u>	<u>(96,883)</u>	<u>(104,826)</u>	<u>(105,970)</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>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$1,231,073	\$1,025,054	\$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	8.37 %	9.45 %	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.

AUBURN HOUSING AUTHORITY

Schedule of Proportionate Share of the Net OPEB Liability - Group Life
Last 10 Fiscal Years*

	Measurement Date						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>PLD Life Insurance:</u>							
Proportion of the net OPEB liability	0.48 %	0.48 %	0.43 %	0.42 %	0.38 %	0.40 %	0.41 %
Authority's proportionate share of the net OPEB liability	\$ 69,352	\$ 49,428	\$ 56,848	\$ 90,600	\$ 77,099	\$ 66,971	\$ 92,752
Covered payroll	\$ 1,025,054	\$ 1,040,636	\$ 1,160,787	\$ 1,086,905	\$ 1,083,584	\$ 1,070,628	\$ 1,088,152
Proportionate share of the net OPEB liability as a percentage of its covered payroll	6.77 %	4.75 %	4.90 %	8.34 %	7.12 %	6.26 %	8.52 %
Contributions as a percentage of covered payroll	55.88 %	67.26 %	55.40 %	43.18 %	43.92 %	47.42 %	- %

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

AUBURN HOUSING AUTHORITY

**Schedule of Changes in Net OPEB Liability
and Related Ratios - Health Plan
Last 10 Fiscal Years***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Total OPEB liability</u>					
Service cost (BOY)	\$ 19,369	\$ 16,916	\$ 11,364	\$ 12,426	\$ 10,794
Interest (includes interest on service cost)	6,540	7,402	9,593	8,391	7,377
Changes in benefit terms	-	-	(5,385)	-	-
Differences between expected and actual experience	(106,156)	-	(17,621)	-	21,890
Changes of assumptions	(5,802)	16,697	40,347	(19,686)	14,685
Benefit payments, including refunds of member contributions	<u>(5,237)</u>	<u>(5,036)</u>	<u>(10,226)</u>	<u>(9,833)</u>	<u>(5,413)</u>
Net change in total OPEB liability	(91,286)	35,979	28,072	(8,702)	49,333
Total OPEB liability – beginning	<u>291,721</u>	<u>255,742</u>	<u>227,670</u>	<u>236,372</u>	<u>187,039</u>
Total OPEB liability – ending	<u>200,435</u>	<u>291,721</u>	<u>255,742</u>	<u>227,670</u>	<u>236,372</u>
<u>Plan fiduciary net position</u>					
Contributions – employer	5,237	5,036	10,226	9,833	5,413
Benefit payments, including refunds of member contributions	<u>(5,237)</u>	<u>(5,036)</u>	<u>(10,226)</u>	<u>(9,833)</u>	<u>(5,413)</u>
Net change in fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position – beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position – ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB liability – ending	<u>\$ 200,435</u>	<u>\$ 291,721</u>	<u>\$ 255,742</u>	<u>\$ 227,670</u>	<u>\$ 236,372</u>
Plan fiduciary net position as a percentage of the total OPEB liability	-	-	-	-	-
Covered payroll	\$ 936,009	\$ 1,096,782	\$ 1,096,782	\$ 901,553	\$ 901,553
Net OPEB liability as a percentage of covered payroll	21.4 %	26.6 %	23.3 %	25.3 %	26.2 %
Contributions as a percentage of covered payroll	0.6 %	0.5 %	0.9 %	1.1 %	0.6 %

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

AUBURN HOUSING AUTHORITY

Notes to Required Supplementary Information

Year Ended March 31, 2023

Maine Public Employees Retirement System (MEPERS) Participating Local District (PLD) Consolidated Plan:

Changes in Assumptions: For amounts reported in 2017 and later, the expectation of retiree life mortality was based on RP2014 Total Dataset Healthy Annuitant Mortality Tables rather than on the RP2000 Tables projected forward to 2016 using Scale AA, which were used to determine amounts reported prior to 2017.

The pension plan had the following discount rates for each year presented:

2023 - 2022	6.500 %
2021 - 2019	6.750 %
2018 - 2017	6.875 %
2016	7.125 %
2015	7.250 %

The cost of living benefit increase assumption for the pension plan for each year presented:

2023 - 2019	1.91 %
2018 - 2017	2.20 %
2016	2.55 %
2015	3.12 %

MEPERS PLD Consolidated Plan Other Postemployment Benefits (OPEB) Plan:

Changes in Assumptions:

The MEPERS OPEB plan had the following discount rates for each year presented:

2023 - 2022	6.500 %
2021 - 2019	6.750 %
2018 - 2017	6.875 %

Maine Municipal Employees Health Trust (MMEHT) Postretirement Benefit Plan:

Changes in Assumptions:

The MMEHT OPEB plan had the following discount rates for each year presented:

2023	2.06 %
2022	2.12 %
2021	2.74 %
2020	4.10 %
2019	3.44 %

AUBURN HOUSING AUTHORITY

Other Supplementary Information

For the Year Ended March 31, 2023

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.

- Schedule A - Supplemental Financial Data Schedule
- Schedule B - Schedule of Capital Grant Fund Costs - Uncompleted
- Schedule of Expenditures of Federal Awards (SEFA) as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and related notes to the SEFA.

AUBURN HOUSING AUTHORITY

Supplemental Financial Data Schedule
Entity Wide Statement of Net Position

March 31, 2023

	Low Rent 14.850	CFP 14.872	Project Total	Section 8 Housing Choice Vouchers 14.871	State/ Local	Business Activities	Section 8 Housing Assistance Payments Program - Special Allocations 14.195	N/C S/R Section 8 Programs 14.182	Subtotal	Eliminations	Total
111 Cash - Unrestricted	\$ -	\$ -	\$ -	\$ 55,490	\$ 2,171,942	\$ 2,664,788	\$ 1,084,950	\$ 3,063,128	\$ 9,040,298	\$ -	\$ 9,040,298
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	544,694	-	-	544,694	-	544,694
113 Cash - Other Restricted	-	-	-	10,402	-	-	2,308,486	-	2,318,888	-	2,318,888
114 Cash - Tenant Security Deposits	66,180	-	66,180	-	-	7,333	65,943	43,224	182,680	-	182,680
100 Total Cash	<u>66,180</u>	<u>-</u>	<u>66,180</u>	<u>65,892</u>	<u>2,171,942</u>	<u>3,216,815</u>	<u>3,459,379</u>	<u>3,106,352</u>	<u>12,086,560</u>	<u>-</u>	<u>12,086,560</u>
122 Accounts Receivable - HUD Other Projects	431,405	202,769	634,174	73,004	-	-	-	-	707,178	-	707,178
125 Accounts Receivable - Miscellaneous	550,886	-	550,886	21,544	61,212	-	900	1,150	635,692	-	635,692
126 Accounts Receivable - Tenants	33,121	-	33,121	-	-	6,665	6,088	14,358	60,232	-	60,232
126.1 Allowance for Doubtful Accounts - Tenants	(21,133)	-	(21,133)	-	-	-	-	-	(21,133)	-	(21,133)
128 Fraud Recovery	3,642	-	3,642	39,350	-	-	-	-	42,992	-	42,992
128.1 Allowance for Doubtful Accounts - Fraud	(3,642)	-	(3,642)	(39,350)	-	-	-	-	(42,992)	-	(42,992)
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>994,279</u>	<u>202,769</u>	<u>1,197,048</u>	<u>94,548</u>	<u>61,212</u>	<u>6,665</u>	<u>6,988</u>	<u>15,508</u>	<u>1,381,969</u>	<u>-</u>	<u>1,381,969</u>
131 Investments - Unrestricted	-	-	-	-	769,956	511,155	-	-	1,281,111	-	1,281,111
142 Prepaid Expenses and Other Assets	14,941	-	14,941	4,296	9,747	2,006	10,341	6,536	47,867	-	47,867
143 Inventories	15,574	-	15,574	-	-	-	-	-	15,574	-	15,574
144 Inter Program Due From (To)	202,768	(202,768)	-	-	-	2,067,667	-	-	2,067,667	(2,067,667)	-
150 Total Current Assets	<u>1,293,742</u>	<u>1</u>	<u>1,293,743</u>	<u>164,736</u>	<u>3,012,857</u>	<u>5,804,308</u>	<u>3,476,708</u>	<u>3,128,396</u>	<u>16,880,748</u>	<u>(2,067,667)</u>	<u>14,813,081</u>
161 Land and Land Improvements	2,567,961	-	2,567,961	-	3,350	16,000	960,874	1,019,234	4,567,419	-	4,567,419
162 Buildings and Improvements	10,782,146	-	10,782,146	-	363,079	962,839	12,129,497	6,745,970	30,983,531	-	30,983,531
163 Furniture, Equipment & Machinery - Dwellings	163,322	-	163,322	-	-	11,031	647,262	321,462	1,143,077	-	1,143,077
164 Furniture, Equipment & Machinery - Administration	178,304	-	178,304	57,606	43,821	9,897	36,458	1,333,583	1,659,669	-	1,659,669
166 Accumulated Depreciation	(10,187,851)	-	(10,187,851)	(57,606)	(57,066)	(678,284)	(7,018,571)	(7,937,092)	(25,936,470)	-	(25,936,470)
167 Construction in Progress	654,748	201,133	855,881	-	-	715,924	13,744	17,708	1,603,257	-	1,603,257
160 Total Capital Assets, Net of Accumulated Depreciation	<u>4,158,630</u>	<u>201,133</u>	<u>4,359,763</u>	<u>-</u>	<u>353,184</u>	<u>1,037,407</u>	<u>6,769,264</u>	<u>1,500,865</u>	<u>14,020,483</u>	<u>-</u>	<u>14,020,483</u>
171 Notes, Loans, and Mortgages Receivable - Non-Current	-	-	-	-	260,000	350,000	-	-	610,000	-	610,000
174 Other Assets	-	-	-	-	1,000	-	-	-	1,000	-	1,000
180 Total Non-Current Assets	<u>4,158,630</u>	<u>201,133</u>	<u>4,359,763</u>	<u>-</u>	<u>614,184</u>	<u>1,387,407</u>	<u>6,769,264</u>	<u>1,500,865</u>	<u>14,631,483</u>	<u>-</u>	<u>14,631,483</u>
200 Deferred Outflow of Resources	<u>131,074</u>	<u>-</u>	<u>131,074</u>	<u>69,446</u>	<u>154,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,117</u>	<u>-</u>	<u>355,117</u>
290 Total Assets and Deferred Outflow of Resources	<u>\$ 5,583,446</u>	<u>\$ 201,134</u>	<u>\$ 5,784,580</u>	<u>\$ 234,182</u>	<u>\$ 3,781,638</u>	<u>\$ 7,191,715</u>	<u>\$ 10,245,972</u>	<u>\$ 4,629,261</u>	<u>\$ 31,867,348</u>	<u>\$ (2,067,667)</u>	<u>\$ 29,799,681</u>

AUBURN HOUSING AUTHORITY
Supplemental Financial Data Schedule
Entity Wide Statement of Net Position (Concluded)

March 31, 2023

	Low Rent <u>14.850</u>	CFP <u>14.872</u>	Project <u>Total</u>	Section 8 Housing Choice Vouchers <u>14.871</u>	State Local	Business Activities	Section 8 Housing Assistance Payments Program - Special Allocations <u>14.195</u>	N/C S/R Section 8 Programs <u>14.182</u>	Subtotal	Eliminations	Total
312 Accounts Payable <= 90 Days	\$ 320,902	\$ -	\$ 320,902	\$ 7,214	\$ 102,394	\$ 3,954	\$ 5,958	\$ 6,663	\$ 447,085	\$ -	\$ 447,085
321 Accrued Wage/Payroll Taxes Payable	-	-	-	366	94,290	-	-	-	94,656	-	94,656
322 Accrued Compensated Absences - Current Portion	21,076	-	21,076	6,640	28,742	-	-	-	56,458	-	56,458
325 Accrued Interest Payable	-	-	-	-	-	-	1,150	-	1,150	-	1,150
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	30,119	-	30,119	-	-	-	-	-	30,119	-	30,119
341 Tenant Security Deposits	66,180	-	66,180	-	-	7,332	65,943	43,224	182,679	-	182,679
342 Unearned Revenue	13,833	-	13,833	-	2,000	403	14,400	10,122	40,758	-	40,758
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	7,253	-	7,253	-	7,253
345 Other Current Liabilities	-	-	-	-	70,208	-	-	-	70,208	-	70,208
346 Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-
347 Inter Program - Due To	-	-	-	-	-	-	2,067,667	-	2,067,667	(2,067,667)	-
310 Total Current Liabilities	<u>452,110</u>	<u>-</u>	<u>452,110</u>	<u>14,220</u>	<u>297,634</u>	<u>11,689</u>	<u>2,162,371</u>	<u>60,009</u>	<u>2,998,033</u>	<u>(2,067,667)</u>	<u>930,366</u>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	341,138	-	165,213	-	506,351	-	506,351
354 Accrued Compensated Absences - Noncurrent	23,520	-	23,520	7,409	25,757	-	-	-	56,686	-	56,686
357 Accrued Pension and OPEB Liabilities	265,329	-	265,329	155,944	291,917	-	-	-	713,190	-	713,190
350 Total Noncurrent Liabilities	<u>288,849</u>	<u>-</u>	<u>288,849</u>	<u>163,353</u>	<u>658,812</u>	<u>-</u>	<u>165,213</u>	<u>-</u>	<u>1,276,227</u>	<u>-</u>	<u>1,276,227</u>
300 Total Liabilities	<u>740,959</u>	<u>-</u>	<u>740,959</u>	<u>177,573</u>	<u>956,446</u>	<u>11,689</u>	<u>2,327,584</u>	<u>60,009</u>	<u>4,274,260</u>	<u>(2,067,667)</u>	<u>2,206,593</u>
400 Deferred Inflow of Resources	<u>122,571</u>	<u>-</u>	<u>122,571</u>	<u>64,403</u>	<u>146,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>333,241</u>	<u>-</u>	<u>333,241</u>
508.4 Net Investment in Capital Assets	4,158,630	201,133	4,359,763	-	(3,673)	1,037,407	6,596,798	1,500,865	13,491,160	-	13,491,160
511.4 Restricted Net Position	-	-	-	10,402	-	-	2,308,486	-	2,318,888	-	2,318,888
512.4 Unrestricted Net Position	561,286	1	561,287	(18,196)	2,682,598	6,142,619	(986,896)	3,068,387	11,449,799	-	11,449,799
513 Total Equity - Net Assets/Position	<u>4,719,916</u>	<u>201,134</u>	<u>4,921,050</u>	<u>(7,794)</u>	<u>2,678,925</u>	<u>7,180,026</u>	<u>7,918,388</u>	<u>4,569,252</u>	<u>27,259,847</u>	<u>-</u>	<u>27,259,847</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	<u>\$ 5,583,446</u>	<u>\$ 201,134</u>	<u>\$ 5,784,580</u>	<u>\$ 234,182</u>	<u>\$ 3,781,638</u>	<u>\$ 7,191,715</u>	<u>\$ 10,245,972</u>	<u>\$ 4,629,261</u>	<u>\$ 31,867,348</u>	<u>\$ (2,067,667)</u>	<u>\$ 29,799,681</u>

AUBURN HOUSING AUTHORITY

Supplemental Financial Data Schedule
Entity Wide Revenue and Expense Summary

March 31, 2023

	Low Rent 14.850	CFP 14.872	Project Total	Section 8 Housing Choice Vouchers 14.871	State/ Local	Business Activities	Section 8 Housing Assistance Payments Program - Special Allocations 14.195	N/C S/R Section 8 Programs	Subtotal	Eliminations	Total
70300 Net Tenant Rental Revenue	\$ 827,077	\$ -	\$ 827,077	\$ -	\$ -	\$ 105,564	\$ 2,458,453	\$ 1,490,281	\$ 4,881,375	\$ -	\$ 4,881,375
70400 Tenant Revenue - Other	-	-	-	-	-	-	68,893	9,456	78,349	-	78,349
70500 Total Tenant Income	<u>827,077</u>	<u>-</u>	<u>827,077</u>	<u>-</u>	<u>-</u>	<u>105,564</u>	<u>2,527,346</u>	<u>1,499,737</u>	<u>4,959,724</u>	<u>-</u>	<u>4,959,724</u>
70600 HUD PHA Operating Grants	752,436	22,476	774,912	4,251,280	-	-	-	-	5,026,192	-	5,026,192
70610 Capital Grants	-	596,902	596,902	-	-	-	-	-	596,902	-	596,902
70800 Other Government Grants	-	-	-	-	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	608	-	608	770	(8,348)	(7,650)	2,212	14,717	2,309	-	2,309
71200 Mortgage Interest Income	-	-	-	-	44	110,873	-	-	110,917	(110,873)	44
71400 Fraud Recovery	-	-	-	10,080	-	-	-	-	10,080	-	10,080
71500 Other Revenue	9,430	-	9,430	62,648	1,197,249	812	231	682	1,271,052	(951,677)	319,375
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	123,099	-	-	-	123,099	-	123,099
72000 Investment Income - Restricted	-	-	-	-	-	4,453	13,171	-	17,624	-	17,624
70000 Total Operating Revenues	<u>1,589,551</u>	<u>619,378</u>	<u>2,208,929</u>	<u>4,324,778</u>	<u>1,312,044</u>	<u>214,052</u>	<u>2,542,960</u>	<u>1,515,136</u>	<u>12,117,899</u>	<u>(1,062,550)</u>	<u>11,055,349</u>
91100 Administrative Salaries	372,224	-	372,224	319,130	261,028	-	-	-	952,382	-	952,382
91200 Auditing Fees	12,766	-	12,766	9,092	9,059	220	15,301	6,428	52,866	-	52,866
91400 Advertising and Marketing	-	-	-	-	-	-	-	-	-	-	-
91500 Employee Benefit contributions - Administrative	113,172	-	113,172	122,954	124,575	-	-	-	360,701	-	360,701
91600 Office Expenses	30,445	-	30,445	21,950	22,401	-	-	-	74,796	-	74,796
91700 Legal Expense	6,881	-	6,881	3,192	134	180	5,764	2,915	19,066	-	19,066
91800 Travel	8,237	-	8,237	21,944	1,621	-	-	-	31,802	-	31,802
91900 Other	91,395	-	91,395	75,584	78,423	16,082	303,133	233,653	798,270	(511,758)	286,512
91000 Total Operating - Administrative	<u>635,120</u>	<u>-</u>	<u>635,120</u>	<u>573,846</u>	<u>497,241</u>	<u>16,482</u>	<u>324,198</u>	<u>242,996</u>	<u>2,289,883</u>	<u>(511,758)</u>	<u>1,778,125</u>
92100 Tenant Services - Salaries	76,992	-	76,992	-	146,846	-	-	-	223,838	-	223,838
92300 Employee Benefit Contributions - Tenant Services	43,778	-	43,778	-	52,060	-	-	-	95,838	-	95,838
92400 Tenant Services - Other	20,178	-	20,178	-	(686)	-	57,719	40,817	118,028	(82,686)	35,342
92500 Total Tenant Services	<u>140,948</u>	<u>-</u>	<u>140,948</u>	<u>-</u>	<u>198,220</u>	<u>-</u>	<u>57,719</u>	<u>40,817</u>	<u>437,704</u>	<u>(82,686)</u>	<u>355,018</u>
93100 Water	101,493	-	101,493	-	-	4,844	30,362	21,700	158,399	-	158,399
93200 Electricity	37,776	-	37,776	-	-	1,496	120,651	58,095	218,018	-	218,018
93300 Gas	109,512	-	109,512	-	-	4,984	-	-	114,496	-	114,496
93400 Fuel	22,964	-	22,964	-	-	-	78,252	53,759	154,975	-	154,975
93600 Sewer	-	-	-	-	-	-	-	-	-	-	-
93000 Total Utilities	<u>\$ 271,745</u>	<u>\$ -</u>	<u>\$ 271,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,324</u>	<u>\$ 229,265</u>	<u>\$ 133,554</u>	<u>\$ 645,888</u>	<u>\$ -</u>	<u>\$ 645,888</u>

AUBURN HOUSING AUTHORITY

Supplemental Financial Data Schedule
Entity Wide Revenue and Expense Summary (Continued)

March 31, 2023

	Low Rent 14.850	CFP 14.872	Project Total	Section 8 Housing Choice Vouchers 14.871	State/ Local	Business Activities	Section 8 Housing Assistance Payments Program - Special Allocations 14.195	N/C S/R Section 8 Programs	Subtotal	Eliminations	Total
94100 Ordinary Maintenance and Operations - Labor	\$ 147,790	\$ -	\$ 147,790	\$ -	\$ 310,990	\$ -	\$ 208,021	\$ 149,217	\$ 816,018	\$ (357,233)	\$ 458,785
94200 Ordinary Maintenance and Operations - Materials and Other	94,319	-	94,319	2,579	2,632	1,082	57,190	59,977	217,779	-	217,779
94300 Ordinary Maintenance and Operations Contracts	267,775	-	267,775	-	-	6,107	192,319	84,536	550,737	-	550,737
94500 Employee Benefit Contributions - Ordinary Maintenance	74,035	-	74,035	-	92,759	-	-	-	166,794	-	166,794
94000 Total Repairs and Maintenance	<u>583,919</u>	<u>-</u>	<u>583,919</u>	<u>2,579</u>	<u>406,381</u>	<u>7,189</u>	<u>457,530</u>	<u>293,730</u>	<u>1,751,328</u>	<u>(357,233)</u>	<u>1,394,095</u>
96110 Property Insurances	40,545	-	40,545	12,512	12,770	-	37,463	24,022	127,312	-	127,312
96120 Liability Insurance	12,688	-	12,688	3,916	3,996	7,686	-	-	28,286	-	28,286
96130 Workmen's Compensation	5,590	-	5,590	1,725	1,760	-	-	-	9,075	-	9,075
96140 All Other Insurance	-	-	-	-	-	-	-	-	-	-	-
96100 Total insurance Expense	<u>58,823</u>	<u>-</u>	<u>58,823</u>	<u>18,153</u>	<u>18,526</u>	<u>7,686</u>	<u>37,463</u>	<u>24,022</u>	<u>164,673</u>	<u>-</u>	<u>164,673</u>
96200 Other General Expenses	-	-	-	-	4,069	-	15,066	-	19,135	-	19,135
96210 Compensated Absences	47,461	-	47,461	7,592	63,413	-	-	-	118,466	-	118,466
96300 Payments in Lieu of Taxes	30,119	-	30,119	-	-	695	96,506	29,575	156,895	-	156,895
96400 Bad Debt - Tenant Rents	10,520	-	10,520	-	-	-	-	-	10,520	-	10,520
96800 Severance Expense	-	-	-	-	-	-	-	-	-	-	-
96000 Total Other General Expenses	<u>88,100</u>	<u>-</u>	<u>88,100</u>	<u>7,592</u>	<u>67,482</u>	<u>695</u>	<u>111,572</u>	<u>29,575</u>	<u>305,016</u>	<u>-</u>	<u>305,016</u>
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	21,848	-	14,046	-	35,894	-	35,894
96720 Interest of Notes Payable (Short and Long Term)	-	-	-	-	-	-	110,873	-	110,873	(110,873)	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,848</u>	<u>-</u>	<u>124,919</u>	<u>-</u>	<u>146,767</u>	<u>(110,873)</u>	<u>35,894</u>
96900 Total Operating Expenses	<u>1,778,655</u>	<u>-</u>	<u>1,778,655</u>	<u>602,170</u>	<u>1,209,698</u>	<u>43,376</u>	<u>1,342,666</u>	<u>764,694</u>	<u>5,741,259</u>	<u>(1,062,550)</u>	<u>4,678,709</u>
97000 Excess of Operating Revenue over Operating Expenses	<u>(189,104)</u>	<u>619,378</u>	<u>430,274</u>	<u>3,722,608</u>	<u>102,346</u>	<u>170,676</u>	<u>1,200,294</u>	<u>750,442</u>	<u>6,376,640</u>	<u>-</u>	<u>6,376,640</u>
97100 Extraordinary Maintenance	-	-	-	-	14,968	-	-	-	14,968	-	14,968
97300 Housing Assistance Payments	-	-	-	3,782,162	-	14,400	-	-	3,796,562	-	3,796,562
97350 HAP Portability-In	-	-	-	57,664	-	-	-	-	57,664	-	57,664
97400 Depreciation Expense	302,354	-	302,354	2,989	25,338	29,121	402,050	186,942	948,794	-	948,794
90000 Total Expenses	<u>\$ 2,081,009</u>	<u>\$ -</u>	<u>\$ 2,081,009</u>	<u>\$ 4,444,985</u>	<u>\$ 1,250,004</u>	<u>\$ 86,897</u>	<u>\$ 1,744,716</u>	<u>\$ 951,636</u>	<u>\$ 10,559,247</u>	<u>\$ (1,062,550)</u>	<u>\$ 9,496,697</u>

AUBURN HOUSING AUTHORITY
Supplemental Financial Data Schedule
Entity Wide Revenue and Expense Summary (Concluded)

March 31, 2023

	Low Rent 14.850	CFP 14.872	Project Total	Section 8 Housing Choice Vouchers 14.871	State/Local	Business Activities	Section 8 Housing Assistance Payments Program - Special Allocations 14.195	N/C S/R Section 8 Programs	Subtotal	Eliminations	Total
10010 Operating Transfers In	\$ 22,476	\$ -	\$ 22,476	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,476	\$ (22,476)	\$ -
10020 Operating Transfers Out	-	(22,476)	(22,476)	-	-	-	-	-	(22,476)	22,476	-
10093 Transfers between Program and Project - In	667,678	-	667,678	-	-	-	-	-	667,678	(667,678)	-
10094 Transfers between Program and Project - Out	-	-	-	-	(667,678)	-	-	-	(667,678)	667,678	-
10100 Total Other Financing Sources (Uses)	<u>690,154</u>	<u>(22,476)</u>	<u>667,678</u>	<u>-</u>	<u>(667,678)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ 198,696</u>	<u>\$ 596,902</u>	<u>\$ 795,598</u>	<u>\$ (120,207)</u>	<u>\$ (605,638)</u>	<u>\$ 127,155</u>	<u>\$ 798,244</u>	<u>\$ 563,500</u>	<u>\$ 1,558,652</u>	<u>\$ -</u>	<u>\$ 1,558,652</u>
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,253	\$ -	\$ 7,253	\$ -	\$ 7,253
11030 Beginning Equity	4,073,965	51,487	4,125,452	112,413	3,403,927	7,052,871	7,120,144	4,005,752	25,820,559	-	25,820,559
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	447,255	(447,255)	-	-	(119,364)	-	-	-	(119,364)	-	(119,364)
11170 Administrative Fee Equity	-	-	-	(18,196)	-	-	-	-	(18,196)	-	(18,196)
11180 Housing Assistance Payments Equity	-	-	-	10,402	-	-	-	-	10,402	-	10,402
11190 Unit Months Available	2,148	-	2,148	7,110	-	120	2,088	1,332	12,798	-	12,798
11210 Number of Unit Months Leased	2,055	-	2,055	5,936	-	120	2,016	1,298	11,425	-	11,425
11270 Excess Cash	662,897	-	662,897	-	-	-	-	-	662,897	-	662,897
11610 Land Purchases	161,467	78,081	239,548	-	-	-	-	-	239,548	-	239,548
11620 Building Purchases	780,407	322,418	1,102,825	-	-	-	-	-	1,102,825	-	1,102,825
11630 Furniture & Equipment - Dwelling Purchases	-	196,403	196,403	-	-	-	-	-	196,403	-	196,403

AUBURN HOUSING AUTHORITY

Schedule of Capital Grant Fund Costs - Uncompleted

Year Ended March 31, 2023

Annual Contribution Contract NY-514

	<i>Uncompleted</i> Project ME01P007 <u>501-19</u>	<i>Uncompleted</i> Project ME01P007 <u>501-20</u>	<i>Uncompleted</i> Project ME01P007 <u>501-21</u>	<i>Uncompleted</i> Project ME01P007 <u>501-22</u>
Total funds approved	\$ 348,017	\$ 375,982	\$ 393,593	\$ 482,918
Total funds expended	<u>330,772</u>	<u>319,807</u>	<u>291,633</u>	<u>6,048</u>
Excess of funds approved	<u>\$ 17,245</u>	<u>\$ 56,175</u>	<u>\$ 101,960</u>	<u>\$ 476,870</u>
Total funds advanced	\$ 308,296	\$ 319,807	\$ 117,388	\$ -
Total funds expended	<u>330,772</u>	<u>319,807</u>	<u>291,633</u>	<u>6,048</u>
Deficiency of funds advanced	<u>\$ (22,476)</u>	<u>\$ -</u>	<u>\$ (174,245)</u>	<u>\$ (6,048)</u>

AUBURN HOUSING AUTHORITY
Schedule of Expenditures of Federal Awards
Year Ended March 31, 2023

Federal Grantor/ Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Public and Indian Housing	14.850	N/A	\$ 752,436
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	14.871	N/A	4,251,280
Public Housing Capital Fund	14.872	N/A	619,378
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	764,694
Section 8 Housing Assistance Payments Program - Esplanade	14.195	N/A	693,587
Section 8 Housing Assistance Payments Program - Roak Block	14.195	N/A	<u>649,079</u>
Subtotal Section 8 Project-Based Cluster			<u>2,107,360</u>
Total U.S. Department of Housing and Urban Development and Total Expenditures of Federal Awards			<u>\$ 7,730,454</u>

The accompanying notes are an integral part of this schedule.

AUBURN HOUSING AUTHORITY

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended March 31, 2023

1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Auburn Housing Authority (the Authority) under programs of the federal government for the year ended March 31, 2023. 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 Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

2. **Summary of Significant Accounting Policies**

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 Office of Management and Budget 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.

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

3. **Reporting Guidance**

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



**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

We have audited, in accordance with U.S. generally accepted auditing standards 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 (the Authority), as of and for the year ended March 31, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 28, 2023.

Report on Internal Control Over Financial Reporting

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

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 any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

Board of Commissioners
Auburn Housing Authority

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of 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.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
September 28, 2023



**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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Auburn Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended March 31, 2023. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

Board of Commissioners
Auburn Housing Authority

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

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

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

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
September 28, 2023

AUBURN HOUSING AUTHORITY

Schedule of Findings and Questioned Costs

For the Year Ended March 31, 2023

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 not considered to be material weaknesses? Yes None reported

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 not considered to be material weaknesses? Yes None reported

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 Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Voucher Cluster

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None.

Section III - Federal Awards Findings and Questioned Costs

None.