

August 19, 2022

COMMISSIONERS: Richard Laferte, Chair Awa Conteh, Vice Chair
Paul Chaiken Christal Curtis
Leah Gulliver Katelyn Michaud
Sarah Loyd

Notice is hereby given that a Regular Meeting of the Board of Commissioners of the Housing Authority City of Bangor will be held on **Wednesday, August 24th at 12:00 PM** at 161 Davis Road in the Board Room.

The purpose of this meeting is to discuss the following:

1. Welcome and Approval of Minutes
2. Management Report
3. Presentation of 2021 Audit
4. Financial Report
5. Old Business
 - a. Davis Road Senior Housing
 - b. Boys & Girls Club update
6. New Business
7. Open Forum
8. Adjourn

June 20th, 2022

REGULAR MEETING,

Present: Commissioner Laferte, Commissioner Chaiken, Commissioner Gulliver, Commissioner Michaud, Executive Director, Mike Myatt, Administrative Manager, Alexis Dunham

By Remote: General Counsel, Joseph Bethony, Director of Finance, Eric MacDonald, Director of Construction & Asset Management, Bob Rhodes.

Absent: Commissioner Conteh, Commissioner Curtis, Commissioner Loyd

1. Welcome - Commissioner Laferte welcomed everyone to the meeting.

2. Review of Minutes- Commissioner Gulliver moved to approve minutes. Commissioner Michaud seconded the motion. Vote by roll call: Commissioner. Laferte, yes. Commissioner. Chaiken, yes, Commissioner. Gulliver, yes, Commissioner. Michaud, yes Absent from the vote: Commissioner. Curtis, Commissioner. Conteh, Commissioner Loyd

3. Management report – Executive Director, Mike Myatt

Mike opened the meeting talking about occupancy doing very well and projects are performing well financially. We've become eligible again for some shortfall operating subsidies from HUD. For 2022 we are eligible for up to \$750,000. Mike has submitted to required paperwork for this extra subsidy and we should within the next month or so if we will actually get that extra subsidy.

Moving to Work (MTW) application was presented to Resident Council on July 12th. Their feedback was great. The Board cannot approve our application/plan until 15 days after July 12th. We will be requesting a special meeting on the 22nd to approve our application/plan. Two members, or the Chairman, will need to request this special meeting. Proper requests were made and the special meeting was scheduled for July 27th at 12:30pm.

MTW is also important to HCV Program. We just received approval to increase our payment standard to 120%. The approval is only a waiver provision but MTW would allow us to make that payment standard permanent.

Davis Rd Senior Housing project has started. A lot of work has been done to clear out the property. We anticipate a loan closing on this property on August 10th. We had a meeting with BHDC yesterday and passed a lot of resolutions regarding this loan. EverNorth will be taking these loan documents to their finance committee for approval. We will prepare our resolutions once we hear back from EverNorth and Joseph Bethony will present those resolutions at the special meeting.

Once we close, we will be doing some sort of ground breaking ceremony and celebrate this accomplishment.

4. Committee Reports-

5. Department Head Updates -

Director of Construction & Asset Management, Bob Rhodes— Finson Road is very close to being complete and turning the units over to property management for apartments to be leased out. There is still some work, such as cabinets, some counter tops, some outside work, that still needs to be complete. The City of Bangor came out to inspect and there is some minor electrical work that needs to be done. We are currently 9-10 months into this project; economic impact did slow this process some. There were some costs that insurance did not cover; extra vinyl siding, replacement of windows (including some interior work and extra insulation).

Director of Finance, Eric MacDonald—Finance committee met and went through the properties. AMP 1 has turned a little bit of a surplus and the same goes for AMP 4. Still trying to cut into the deficit which has been impacted by utility costs. Work orders have turned a surplus of \$25,000. Currently have \$205,000 cash in COCC. Audit information is now ready and will be going over that. In regards to going paperless and working with Avid Exchange, still working through the process to get that software properly set up. We do have the payment side set up and now working on the invoice/coding side.

Housing Choice Voucher utilization is almost 100% of dollars and we are in compliance with HUD.

Mike did mention that the audit, that Eric mentioned, did not have any findings.

6. Old Business- Boys and Girls Club update- Sidewalk Art Festival where there was many tents and different activities for the children of the community. There was a great turn out for the event. Mike had mentioned that the Boys and Girls Club have been approved for a grant from the Stephen and Tabitha King Foundation.

7. New Business-

8. Open Forum-

9. Executive Session called at 12:37pm. Commissioner Chaiken motioned to move. Commissioner Gulliver second. All in favor.

Michael W. Myatt, Secretary

July 27th, 2022

Special Meeting

Present: Commissioner Laferte, Executive Director, Mike Myatt, General Counsel, Joseph Bethony, Administrative Manager, Alexis Dunham

By remote: Commissioner Chaiken, Commissioner Loyd, Commissioner Gulliver, Commissioner Michard, Commissioner Conteh

Absent: Commissioner Curtis

Welcome- Commissioner Laferte welcomed everyone.

Mike Myatt opened the meeting stating that today, July 27th, is now 15 days after Resident Council met on July 12th regarding our Moving to Work (MTW) application and we have complied with that public process; the board can now vote to approve the application/plan.

Commissioner Chaiken moved to adopt the resolve. Commissioner Conteh second. Roll call: Commissioner Laferte, yes, Commissioner Conteh, yes, Commissioner Gulliver, yes, Commissioner Loyd, yes, Commissioner Michaud, yes, Commissioner Chaiken, yes. Absent: Commissioner Curtis.

Joseph Bethony, General Counsel – Presented resolutions regarding the Davis Rd Senior Housing Project. (See attached document)

Commissioner Chaiken moved to resolve. Commissioner Loyd second. Roll call: Commissioner Laferte, yes, Commissioner Conteh, yes, Commissioner Gulliver, yes, Commissioner Loyd, yes, Commissioner Michaud, yes, Commissioner Chaiken, yes

Motion to adjourn: Commissioner Chaiken motioned. Commissioner Loyd second. All in favor.

Executive Director's Report – August 2022

Public Housing

<u>Project Name</u>	<u>Current Occupancy</u>	<u>Year to Date Occupancy</u>
Capehart	97%	98%
Griffin Park	98%	97%
Birch Circle	96%	100%
Nason Park	100%	98%

Managed Properties (BHDC Owned)

<u>Project Name</u>	<u>Current Occupancy</u>	<u>Year to Date Occupancy</u>
Autumn Park	100%	96%
Crestwood	100%	99%
Greenfield	97%	98%
The Lofts	92%	98%
Griffin Square	98%	98%
Ohio Street	100%	100%

1. **Moving to Work:** Our application has been submitted and we are just waiting to hear.
2. **Health Care Benefits:** We have started the process of bidding out our health care and other related benefits this year.
3. **Audit:** The 2021 Audit is now completed and will be presented by Marcum at the meeting.
4. **Snow removal:** We are currently out to bid for snow removal for the 22-23 season as our vendor from last year chose now to continue with the contract.
5. **Senior Housing:** We are under construction and the deal has closed!!

AMP 1 Summary: Capehart 1+2, Birch Circle, Griffin Park

Line Item:

- A: Total Income: Due to Finson Road fire - \$582,510K and John T Gorman Grant of \$175,000K – both of these came in and are causing the variance, Finson Road fire offsets with F.
- B: Operation/Off Exp: Due to under spending, budget is based on a 12-month spread.
- C: Admin Sal/Ben: Due to wage adjustments, different from when we did the budget, budget is based on a 12-month spread.
- D: Mgmt. Fees: Due to good leasing numbers and getting more mgmt. fees than budgeted.
- E: Resident Services: Due to resident services starting to do more for the community due to summer programs, budget is based on a 12-month spread.
- F: Work Orders: Due to Finson Road fire, \$582,510K is causing the variance, this offsets with A.
- G: Utilities: Current month is correct, got caught up on water and sewer bills budget is based on previous year by months. Variance is due to the very cold weather we have been having and rate increases.
- H: FSS-Escrow Dep: Due to increase in participants, escrow is more than budgeted.
- I: Equip/EPC: We haven't paid the consultant fee yet; this will catch up as soon as we pay it.

AMP 4 Summary: Nason Park

Line Item:

- J: Work Orders: Due to a large unit turn \$12K, long term tenant. Current month is in line with budget.
- K: Utilities: Current month is correct; budget is based on previous year by months. Variance is due to the very cold weather we have been having and rate increases.

HCV Summary: Housing Choice Voucher Program

Line Item:

- L: Total Income: HUD hasn't given us what we expected and budgeted, this is causing the variance.
- M: Admin Sal/Ben: Due to wage adjustments, different from when we did the budget, budget is based on a 12-month spread.
- N: HAP Paid to LL: Actuals are less than budgeted amount due to the number of people leaving the program and new voucher holders can't find a rental.

Mod Rehab Summary: Moderate Rehabilitation Program

Line Item:

Nothing to report on as all variances are under \$15,000.00.

Local Programs: Bangor Housing Development Corp (Management Company)

Line Item:

- O: Admin Sal/Ben: Due to allocation changes, actual is less than budgeted. Need to reclass Tenant services salaries. I will correct this. This washes with Mgmt./Book/Fee.
- P: Mgmt./Book/Fee: Due to allocation change for tenant service salaries that are paid back by the individual BHDC properties. This needs to be reclassified to Admin Sal/Ben. I will correct this. This washes with Admin Sal/Ben.

COCC Summary: Central Office Cost Center (Management Company)

Line Item:

- Q: Total Income: Due to the last two months fee for service being more than budgeted and we processed the asset mgmt. fee for AMP1 and AMP4. Lastly, we processed half of the CFP'21 admin fee.
- R: Travel & Training: Due to under spending, budget is based on a 12-month spread.
- S: Work Orders: Due to budgeting more maintenance positions than we currently have.
- T: Utilities: Current month is correct; budget is based on previous year by months. Variance is due to the very cold weather we have been having and rate increases.

Bangor Housing Authority
Operating Statement
Seven Months Ending 07/31/2022
Program: Public Housing - AMP 1 Project: Consolidated

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget	
INCOME									
Rental Income	207,677.00	209,474.50	(1,797.50)	1,466,222.75	1,466,321.50	(98.75)	2,513,694.00	(1,047,471.25)	
Operating	276,747.49	353,031.33	(76,283.84)	2,790,492.72	2,471,219.33	319,273.39	4,236,376.00	(1,445,883.28)	
TOTAL INCOME	484,424.49	562,505.83	(78,081.34)	4,256,715.47	3,937,540.83	319,174.64	6,750,070.00	(2,493,354.53)	A
EXPENSES									
FSS/Families Forward	1,486.95	2,818.00	1,331.05	31,424.65	19,726.00	(11,698.65)	33,816.00	2,391.35	
Operation/Office Expense	11,270.92	21,968.17	10,697.25	129,199.17	153,777.17	24,578.00	263,618.00	134,418.83	B
Admin Salaries/Benefits	118,562.64	87,520.49	(31,042.15)	714,793.08	612,643.49	(102,149.59)	1,050,246.00	335,452.92	C
Mgmt Fees	46,571.57	43,414.00	(3,157.57)	326,000.99	303,898.00	(22,102.99)	520,968.00	194,967.01	D
Asset Mgmt Fee	61,440.00	61,440.00	0.00	61,440.00	61,440.00	0.00	70,440.00	9,000.00	
Legal	2,108.97	250.00	(1,858.97)	10,394.99	1,750.00	(8,644.99)	3,000.00	(7,394.99)	
Bookkeeping/Fee Account Fee	3,772.50	3,676.33	(96.17)	26,407.50	25,734.33	(673.17)	44,116.00	17,708.50	
Bad Debts/Credit/Bank Charges	1,880.85	4,515.50	2,634.65	15,794.81	31,608.50	15,813.69	54,186.00	38,391.19	
Resident Services	55,073.27	49,803.25	(5,270.02)	381,546.04	348,622.75	(32,923.29)	597,639.00	216,092.96	E
Travel & Training	3,583.52	3,916.67	333.15	17,824.93	27,416.67	9,591.74	47,000.00	29,175.07	
Work Orders - Maint	144,748.70	131,870.75	(12,877.95)	1,583,504.19	961,203.25	(622,300.94)	1,661,743.00	78,238.81	F
Utilities	55,206.42	75,264.83	20,058.41	1,046,044.15	766,353.83	(279,690.32)	1,332,954.00	286,909.85	G
Pilot	0.00	11,148.50	11,148.50	68,701.98	78,039.50	9,337.52	133,782.00	65,080.02	
Insurance	28,720.16	25,528.99	(3,191.17)	185,708.54	178,702.99	(7,005.55)	306,348.00	120,639.46	
FSS-Escrow Deposits	16,645.00	13,906.58	(2,738.42)	120,739.00	97,346.08	(23,392.92)	166,879.00	46,140.00	H
EPC Principal/Interest	9,787.98	11,132.00	1,344.02	70,011.39	77,924.00	7,912.61	133,584.00	63,572.61	
Equipment /EPC Conslt Fee	0.00	11,250.00	11,250.00	3,050.00	78,750.00	75,700.00	135,000.00	131,950.00	I
TOTAL EXPENSES	560,859.45	559,424.06	(1,435.39)	4,792,585.41	3,824,936.56	(967,648.85)	6,555,319.00	1,762,733.59	
SURPLUS	(76,434.96)	3,081.77	79,516.73	(535,869.94)	112,604.27	648,474.21	194,751.00	730,620.94	

Bangor Housing Authority
Operating Statement
Seven Months Ending 07/31/2022
Program: Public Housing - AMP 4 Project: Consolidated

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
INCOME								
Rental Income	17,982.00	16,924.00	1,058.00	123,584.44	118,468.00	5,116.44	203,088.00	(79,503.56)
Operating	19,937.08	17,188.76	2,748.32	102,430.66	120,321.26	(17,890.60)	206,265.00	(103,834.34)
TOTAL INCOME	37,919.08	34,112.76	3,806.32	226,015.10	238,789.26	(12,774.16)	409,353.00	(183,337.90)
EXPENSES								
Operation/Office Expense	582.78	1,236.50	653.72	7,396.78	8,655.50	1,258.72	14,838.00	7,441.22
Admin Salaries/ Benefits	6,687.99	5,489.68	(1,198.31)	47,182.36	38,427.68	(8,754.68)	65,876.00	18,693.64
Mgmt Fees	4,609.50	4,207.08	(402.42)	31,436.79	29,449.58	(1,987.21)	50,485.00	19,048.21
Asset Mgmt Fee	6,000.00	6,000.00	0.00	6,000.00	6,000.00	0.00	6,000.00	0.00
Bookkeeping/Fee Accounting	375.00	356.25	(18.75)	2,557.50	2,493.75	(63.75)	4,275.00	1,717.50
Bad Debts/Credit/Bank Charges	74.60	338.50	263.90	709.40	2,369.50	1,660.10	4,062.00	3,352.60
Resident Services	746.08	0.00	(746.08)	1,219.28	0.00	(1,219.28)	0.00	(1,219.28)
Travel Training	0.00	25.00	25.00	65.00	175.00	110.00	300.00	235.00
Work Orders - Maint	4,814.93	9,420.34	4,605.41	82,055.21	65,942.34	(16,112.87)	113,044.00	30,988.79
Utilities	7,198.23	5,892.24	(1,305.99)	73,520.84	41,245.74	(32,275.10)	70,707.00	(2,813.84)
Pilot	0.00	1,129.33	1,129.33	3,892.00	7,905.33	4,013.33	13,552.00	9,660.00
Insurance	1,933.00	1,332.50	(600.50)	11,537.95	9,327.50	(2,210.45)	15,990.00	4,452.05
EPC Principle/Interest	1,288.16	1,518.00	229.84	9,215.26	10,626.00	1,410.74	18,216.00	9,000.74
TOTAL EXPENSES	34,310.27	36,945.42	2,635.15	276,788.37	222,617.92	(54,170.45)	377,345.00	100,556.63
SURPLUS	3,608.81	(2,832.66)	(6,441.47)	(50,773.27)	16,171.34	66,944.61	32,008.00	82,781.27

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Bangor Housing Authority
Operating Statement
Seven Months Ending 07/31/2022
Program: S8 Vouchers Project: Consolidated

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget	
INCOME									
Oper Sub -HAP	181,824.00	240,885.50	(59,061.50)	1,531,707.00	1,686,198.50	(154,491.50)	2,890,626.00	(1,358,919.00)	
Oper Sub - Admin Fees	29,883.00	29,483.92	399.08	211,867.00	206,387.42	5,479.58	353,807.00	(141,940.00)	
Int Earned on UNA	0.00	50.00	(50.00)	307.04	350.00	(42.96)	600.00	(292.96)	
Oper Sub - FSS	0.00	626.92	(626.92)	0.00	4,388.42	(4,388.42)	7,523.00	(7,523.00)	
Adm Ports- Portables	901.77	455.92	445.85	6,091.28	3,191.42	2,899.86	5,471.00	620.28	
Collection	0.00	208.33	(208.33)	0.00	1,458.33	(1,458.33)	2,500.00	(2,500.00)	
TOTAL INCOME	212,608.77	271,710.59	(59,101.82)	1,749,972.32	1,901,974.09	(152,001.77)	3,260,527.00	(1,510,554.68)	L
EXPENSES									
Operation/Office Expense	1,590.21	2,483.42	893.21	16,454.01	17,383.92	929.91	29,801.00	13,346.99	
Admin Salaries/Benefits	24,718.34	18,977.17	(5,741.17)	149,894.10	132,840.17	(17,053.93)	227,726.00	77,831.90	M
Mgmt/Bookkeeping Fees	8,073.00	8,151.00	78.00	56,511.00	57,057.00	546.00	97,812.00	41,301.00	
Legal	0.00	125.00	125.00	0.00	875.00	875.00	1,500.00	1,500.00	
Travel & Training	229.00	333.33	104.33	1,866.78	2,333.33	466.55	4,000.00	2,133.22	
Work Orders	0.00	1,299.83	1,299.83	551.46	9,098.83	8,547.37	15,598.00	15,046.54	
Insurance	588.76	767.33	178.57	4,194.49	5,371.33	1,176.84	9,208.00	5,013.51	
HAP Paid to Land Lords	217,753.00	240,885.50	23,132.50	1,502,453.00	1,686,198.50	183,745.50	2,890,626.00	1,388,173.00	N
HAP Dmgs/Unpd Rent	0.00	0.00	0.00	(2,705.00)	0.00	2,705.00	0.00	2,705.00	
HAP Escrow FSS	2,181.00	0.00	(2,181.00)	11,538.00	0.00	(11,538.00)	0.00	(11,538.00)	
Port Out HAP Expenses	1,742.00	0.00	(1,742.00)	13,360.00	0.00	(13,360.00)	0.00	(13,360.00)	
Port In HAP Expense	(522.00)	0.00	522.00	(903.00)	0.00	903.00	0.00	903.00	
HAP Admin Fees	226.76	0.00	(226.76)	1,165.22	0.00	(1,165.22)	0.00	(1,165.22)	
TOTAL EXPENSES	256,580.07	273,022.58	16,442.51	1,754,380.06	1,911,158.08	156,778.02	3,276,271.00	1,521,890.94	
SURPLUS	(43,971.30)	(1,311.99)	42,659.31	(4,407.74)	(9,183.99)	(4,776.25)	(15,744.00)	(11,336.26)	

Bangor Housing Authority
Operating Statement
Seven Months Ending 07/31/2022
Program: Local Programs Project: Consolidated

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
INCOME								
Mgmt Fees	39,377.61	40,149.59	(771.98)	292,743.02	281,047.09	11,695.93	481,795.00	(189,051.98)
Interest Income	0.00	29.17	(29.17)	(114.18)	204.17	(318.35)	350.00	(464.18)
TOTAL INCOME	39,377.61	40,178.76	(801.15)	292,628.84	281,251.26	11,377.58	482,145.00	(189,516.16)
EXPENSES								
Operation/Office Expense	2,368.33	2,434.66	66.33	18,103.35	17,042.66	(1,060.69)	29,216.00	11,112.65
Admin Salaries/ Benefits	21,348.69	22,349.99	1,001.30	132,581.87	156,449.99	23,868.12	268,200.00	135,618.13
Mgmt/Book/Fee Acct Fees	19,140.00	13,509.01	(5,630.99)	126,808.46	94,563.01	(32,245.45)	162,108.00	35,299.54
Travel & Training	0.00	20.83	20.83	0.00	145.83	145.83	250.00	250.00
Insurance	314.95	361.66	46.71	2,243.80	2,531.66	287.86	4,340.00	2,096.20
TOTAL EXPENSES	43,171.97	38,676.15	(4,495.82)	279,737.48	270,733.15	(9,004.33)	464,114.00	184,376.52
SURPLUS	(3,794.36)	1,502.61	(5,296.97)	12,891.36	10,518.11	2,373.25	18,031.00	(5,139.64)

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Bangor Housing Authority
Operating Statement
Seven Months Ending 07/31/2022
Program: COCC Project: Consolidated

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
INCOME								
Asset/Mgmt/Book Fees	239,086.82	234,508.58	4,578.24	692,211.53	666,920.08	25,291.45	1,122,263.00	(430,051.47)
Fee for Service -Labor WO's	133,784.25	132,824.17	960.08	964,204.50	929,769.17	34,435.33	1,593,890.00	(629,685.50)
LHA Consult/Equip Rental	1,450.00	0.00	1,450.00	22,322.17	0.00	22,322.17	0.00	22,322.17
TOTAL INCOME	374,321.07	367,332.75	6,988.32	1,678,738.20	1,596,689.25	82,048.95	2,716,153.00	(1,037,414.80)
EXPENSES								
Operation/Office Expense	10,598.88	8,634.84	(1,964.04)	55,266.47	60,443.84	5,177.37	103,618.00	48,351.53
Admin/Maint Benefits	88,048.42	68,791.42	(19,257.00)	477,206.47	481,539.92	4,333.45	825,523.00	348,316.53
Legal	0.00	208.33	208.33	0.00	1,458.33	1,458.33	2,500.00	2,500.00
Travel & Training	316.13	3,333.33	3,017.20	6,858.66	23,333.33	16,474.67	40,000.00	33,141.34
Work Orders -Maint	103,108.88	91,330.15	(11,778.73)	617,100.54	639,311.15	22,210.61	1,095,962.00	478,861.46
Utilities	1,970.62	2,708.34	737.72	37,525.15	18,958.34	(18,566.81)	32,500.00	(5,025.15)
Insurance	6,880.32	7,417.00	536.68	47,696.22	51,919.00	4,222.78	89,004.00	41,307.78
Mortgage Principal/Interest	186.26	1,916.67	1,730.41	4,698.02	13,416.67	8,718.65	23,000.00	18,301.98
TOTAL EXPENSES	211,109.51	184,340.08	(26,769.43)	1,246,351.53	1,290,380.58	44,029.05	2,212,107.00	965,755.47
SURPLUS	163,211.56	182,992.67	(19,781.11)	432,386.67	306,308.67	126,078.00	504,046.00	(71,659.33)

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Bangor Housing Authority
Operating Statement
Seven Months Ending 07/31/2022
Program: Mod Rehab I Project: Consolidated

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
INCOME								
Oper Sub - HAP	3,092.00	2,685.00	407.00	21,650.00	18,795.00	2,855.00	32,220.00	(10,570.00)
Oper Sub - Adm Fees	0.00	397.42	(397.42)	0.00	2,781.92	(2,781.92)	4,769.00	(4,769.00)
TOTAL INCOME	3,092.00	3,082.42	9.58	21,650.00	21,576.92	73.08	36,989.00	(15,339.00)
EXPENSES								
Operation/Office Expense	1.48	3.07	1.59	238.33	21.57	(216.76)	37.00	(201.33)
Admin Salaries/Benefits	41.47	21.91	(19.56)	262.12	153.41	(108.71)	263.00	0.88
Mgmt/Book Fees	97.50	92.92	(4.58)	684.00	650.42	(33.58)	1,115.00	431.00
Insurance	64.89	1.92	(62.97)	462.33	13.42	(448.91)	23.00	(439.33)
HAP Paid to Land Lords	2,501.00	2,685.00	184.00	18,488.00	18,795.00	307.00	32,220.00	13,732.00
TOTAL EXPENSES	2,706.34	2,804.82	98.48	20,134.78	19,633.82	(500.96)	33,658.00	13,523.22
SURPLUS	385.66	277.60	108.06	1,515.22	1,943.10	(427.88)	3,331.00	(1,815.78)

August 17, 2022

Members of the Board of Commissioners
Housing Authority of the City of Bangor
161 Davis Road
Bangor, ME 04401

We have audited the financial statements of the business-type activities of Housing Authority of the City of Bangor for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards* and the Uniform Guidance

As stated in our engagement letter dated March 16, 2022, our responsibility, as described by professional standards, was to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider Housing Authority of the City of Bangor's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether Housing Authority of the City of Bangor's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about Housing Authority of the City of Bangor's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on Housing Authority of the City of Bangor's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on Bath Housing Authority's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to Management's Discussion and Analysis, the Schedule of Changes in Total OPEB Liability and Related Ratios, Schedule of the Authority's Proportionate Share of the Net OPEB Liability, Schedule of OPEB Contributions, Schedule of the Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, which supplements the basic financial statements, was to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Expenditures of Federal Awards, Supplementary Financial Data Schedule, and Schedule of Grant/ Modernization Activity which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope, Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Management override of internal controls
- Improper revenue recognition
- Related party transactions

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Housing Authority of the City of Bangor are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by Housing Authority of the City of Bangor during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Housing Authority of the City of Bangor's financial statements were:

Management's estimate of the OPEB and Pension liabilities are based on actuarial valuations prepared to calculate the Authority's liability. We evaluated the key factors and assumptions used to develop the OPEB and pension liabilities in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the fair value of the interest rate swap is based on the valuation statement provided by the counter-party (Bangor Savings Bank). We evaluated the reasonableness of the fair value of this derivative instrument in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 17, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Housing Authority of the City of Bangor's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Housing Authority of the City of Bangor's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedule of the Authority's Proportionate Share of the Net OPEB Liability, Schedule of OPEB Contribution, Schedule of the Proportionate Share of the Net Pension Liability, and Schedule of Pension Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplemental data schedule and Schedule of Expenditures and Federal Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Commissioners and management of the Housing Authority of the City of Bangor and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Marcum LLP". The script is cursive and fluid, with the letters "M", "L", and "P" being particularly prominent.

Marcum LLP

HOUSING AUTHORITY OF THE CITY OF BANGOR
FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

HOUSING AUTHORITY OF THE CITY OF BANGOR

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HOUSING AUTHORITY OF THE CITY OF BANGOR

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INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Housing Authority of the City of Bangor
Bangor, Maine

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Housing Authority of the City of Bangor, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Bangor's basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Bangor'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 Housing Authority of the City of Bangor's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information presented on pages 50 through 57, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the City of Bangor's basic financial statements. The supplementary information on pages 58 through 68, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 58 through 68, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated August 17, 2022 on our consideration of the Housing Authority of the City of Bangor's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Bangor'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 Housing Authority of the City of Bangor's internal control over financial reporting and compliance.

Marcum LLP

Providence, Rhode Island
August 17, 2022

HOUSING AUTHORITY OF THE CITY OF BANGOR

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

The Housing Authority of the City of Bangor (the Authority) is pleased to present its basic financial statements as of and for the year ended December 31, 2021, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. In addition, GAAP requires the inclusion of this management's discussion and analysis (MD&A) section as required supplementary information.

The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that provide additional information.

As provided for under GAAP, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation and amortization, are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Authority are included in the statement of net position.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended December 31, 2021, with comparative data for the year ended December 31, 2020. Please read this section in conjunction with the Authority's basic financial statements, which immediately follow this section.

HIGHLIGHTS

- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at December 31, 2021 by \$10,111,317 (net position), representing an increase of \$737,333 from the prior year.
- Total revenues decreased by \$172,300 from the prior year, while total expenses decreased by \$43,664.
- The Authority's current ratio that measures liquidity increased during the year from 1.74 to 2.00.
- The Authority's total debt decreased from \$5,067,821 to \$4,775,217.

HOUSING AUTHORITY OF THE CITY OF BANGOR

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

OVERVIEW OF THE AUTHORITY'S OPERATIONS

The Authority was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. These services are provided through the administration of the following programs:

Federal Programs

- Section 8 Housing Choice Voucher Program
- Emergency Housing Voucher Program
- Low Rent Public Housing Program
- Public Housing Capital Fund Program
- Family Self Sufficiency Program
- Resident Opportunity and Support Services
- Section 8 Moderate Rehabilitation

State/Local and Other Programs

- Central Office Cost Center
- Property Management

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

HOUSING AUTHORITY OF THE CITY OF BANGOR

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

FINANCIAL ANALYSIS

Summary of Net Position

Presented below is the Authority's condensed summary of net position at December 31, 2021 compared to December 31, 2020. The statement of net position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end of year data for assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (assets and deferred outflows of resources, minus liabilities and deferred inflows of resources).

SUMMARY OF NET POSITION December 31, 2021 and 2020

	2021	2020	Change	% Change
Current Assets	\$ 2,697,267	\$ 2,596,817	\$ 100,450	3.87%
Capital Assets	14,729,716	14,898,209	(168,493)	-1.13%
Other Noncurrent Assets	<u>329,573</u>	<u>197,355</u>	<u>132,218</u>	67.00%
Total Assets	<u>17,756,556</u>	<u>17,692,381</u>	<u>64,175</u>	0.36%
Deferred Outflows of Resources	<u>959,001</u>	<u>841,540</u>	<u>117,461</u>	13.96%
Current Liabilities	1,349,991	1,494,509	(144,518)	-9.67%
Noncurrent Liabilities	<u>5,346,242</u>	<u>7,455,479</u>	<u>(2,109,237)</u>	-28.29%
Total Liabilities	<u>6,696,233</u>	<u>8,949,988</u>	<u>(2,253,755)</u>	-25.18%
Deferred Inflows of Resources	<u>1,908,007</u>	<u>209,949</u>	<u>1,698,058</u>	808.80%
Net investment in capital assets	9,954,499	9,830,388	124,111	1.26%
Restricted	102,266	44,661	57,605	128.98%
Unrestricted (deficit)	<u>54,552</u>	<u>(501,065)</u>	<u>555,617</u>	-110.89%
Total Net Position	<u>\$ 10,111,317</u>	<u>\$ 9,373,984</u>	<u>\$ 737,333</u>	7.87%

Total assets of the Authority at December 31, 2021 and 2020 were \$17,756,556 and \$17,692,381, respectively, a change of 0.36%. The significant components of current assets are cash and receivables. The significant components of noncurrent assets are capital assets and the net pension asset. Capital assets include land, buildings and building improvements, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation.

HOUSING AUTHORITY OF THE CITY OF BANGOR

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

Total liabilities of the Authority at December 31, 2021 and 2020 were \$6,696,233 and \$8,949,988, respectively, a change of 25.18%. Current liabilities include accounts payable, accrued liabilities and unearned revenue. Noncurrent liabilities are primarily made up of the long-term portion of debt and the OPEB liabilities.

In 2021, the Authority's pension and OPEB related deferred outflows increased by \$316,609 and deferred inflows decreased by \$1,698,058. These changes are the result of fluctuations in the actuarial valuations of the liabilities and the change in the value of pension assets. During 2021, the fair value of the interest rate swap changed from negative \$421,972 (in favor of the counterparty) to negative \$222,824 (in favor of the counterparty); this change has been recorded as a deferred outflow of resources.

Net position represents the Authority's equity, which is accounted for in three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, buildings and building improvements, construction in progress, and equipment, net of related capital debt outstanding. The next net position category is restricted net position; this shows the amounts subject to external restriction. The last category is unrestricted net position; these funds are available to use for any lawful and prudent purpose of the Authority. Unrestricted net position increased by \$555,617, or 110.89%, for the fiscal year.

HOUSING AUTHORITY OF THE CITY OF BANGOR

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

Summary of Revenues, Expenses and Changes in Net Position

Presented below is the condensed summary of revenues, expenses and changes in net position information for fiscal year ended December 31, 2021 compared to the year ended December 31, 2020. The information reflects the results of operations for the Authority and displays the sources of revenue, the nature of expenses for the year and the resulting change in net position. All revenues and expenses are accounted for on an accrual basis. See notes to financial statements.

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the years ended December 31, 2021 and 2020

	2021	2020	Change	% Change
Revenue				
Operating Revenues	\$ 10,607,562	\$ 10,363,543	\$ 244,019	2.35%
Non-operating Revenues	<u>1,258,822</u>	<u>1,675,141</u>	<u>(416,319)</u>	-24.85%
Total Revenues	<u>11,866,384</u>	<u>12,038,684</u>	<u>(172,300)</u>	-1.43%
Expenses				
Housing assistance payments	2,666,492	2,609,310	57,182	2.19%
Repair and maintenance	1,907,319	1,923,911	(16,592)	-0.86%
Depreciation expense	1,475,842	1,449,621	26,221	1.81%
Administration	1,429,015	1,922,055	(493,040)	-25.65%
Utilities	1,351,780	1,315,191	36,589	2.78%
Tenant services	1,068,703	725,732	342,971	47.26%
Other general expenses	687,158	675,864	11,294	1.67%
Insurance expense	322,964	325,105	(2,141)	-0.66%
Protective services	64,161	58,525	5,636	9.63%
Interest expense	<u>155,617</u>	<u>167,401</u>	<u>(11,784)</u>	-7.04%
Total Expenses	<u>11,129,051</u>	<u>11,172,715</u>	<u>(43,664)</u>	-0.39%
Change in Net Position	737,333	865,969	(128,636)	-14.85%
Net Position - Beginning of Year	<u>9,373,984</u>	<u>8,508,015</u>	<u>865,969</u>	10.18%
Net Position - End of Year	<u>\$ 10,111,317</u>	<u>\$ 9,373,984</u>	<u>\$ 737,333</u>	7.87%

HOUSING AUTHORITY OF THE CITY OF BANGOR

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

Generally, operating revenues are amounts received for providing housing to the Authority's tenants as well as subsidies and grants received from the U.S. Department of Housing and Urban Development (HUD) that provide significant funding for the operations of the Authority's housing programs. Operating expenses are those incurred to operate, maintain, and repair the housing units and to provide supportive services to the tenants of the Authority. Nonoperating revenues are revenues earned for which goods and services are not provided, for example, interest income. Capital grants represent revenues earned for public housing capital repairs.

Significant changes in revenues and expenses from the fiscal year ended December 31, 2020 to December 31, 2021 include the following:

- Operating revenues increased by \$244,019, or 2.35%, due to an increase in tenant rental revenue. Tenant rental revenue had decreased in 2020 due to overall decreases in tenant's incomes resulting from the COVID-19 pandemic. The Authority's occupancy rate was consistent from 2020 to 2021. In addition, the public housing operating subsidy increased compared to the prior year, in part due to the shortfall funding received by the Authority in 2021. These increases were partially offset by a decrease in revenues associated with funding through the CARES Act that the Authority had received in the prior year.
- Nonoperating revenues decreased by \$416,319, or 24.85%, due to a decrease in capital grants from HUD for the modernization of the Authority's public housing developments.
- Administrative expenses decreased by \$493,040, or 25.65%, due to a decrease in the amount of pension expense recognized during the current year. This expense can fluctuate significantly from year to year based on the results of the actuarial valuations performed. In 2021, the Authority recognized pension expense of negative \$81,278 compared to \$311,508 in 2020. Travel expenses also decrease due to conferences being held remotely for all of 2021.
- Tenant service expenses increased by \$342,971, or 47.26%, due to an increase in tenant services salaries associated with the Boys & Girls Club of Bangor, a related party. The Authority is reimbursed for the direct salaries and benefits for its employees who work for the Boys and Girls Club of Bangor.

HOUSING AUTHORITY OF THE CITY OF BANGOR

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2021, capital assets, net of accumulated depreciation was \$14,729,716 which includes land, buildings and building improvements, construction in progress, and equipment. The schedule below reflects the changes in capital assets, net of depreciation, from December 31, 2020 to December 31, 2021:

CAPITAL ASSET ANALYSIS December 31, 2021 and 2020

	2021	2020	Change	% Change
Land	\$ 479,541	\$ 479,541	\$ --	0.00%
Buildings	35,518,441	34,337,802	1,180,639	3.44%
Furniture and equipment	2,524,168	2,515,891	8,277	0.33%
Land Improvements	5,918,915	5,016,112	902,803	18.00%
Construction in progress	<u>666,197</u>	<u>1,478,537</u>	<u>(812,340)</u>	-54.94%
Total capital assets	<u>45,107,262</u>	<u>43,827,883</u>	<u>1,279,379</u>	2.92%
Accumulated depreciation	<u>(30,377,546)</u>	<u>(28,929,674)</u>	<u>(1,447,872)</u>	5.00%
Capital assets, net of accumulated depreciation	<u>\$ 14,729,716</u>	<u>\$ 14,898,209</u>	<u>\$ (168,493)</u>	-1.13%

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

HOUSING AUTHORITY OF THE CITY OF BANGOR

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2021

Long-Term Debt

At December 31, 2021, the Authority had total long-term debt of \$4,775,217, a decrease of \$292,604 compared to the prior year. Additional information on the Authority's long-term debt can be found in the notes to financial statements.

LONG TERM DEBT ANALYSIS

December 31, 2021 and 2020

	2021	2020	Change	% Change
Long term debt	\$ 4,775,217	\$ 5,067,821	\$ (292,604)	-5.77%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Significant economic factors affecting the Authority's budget in the next year are as follows:

- The Authority is primarily dependent upon HUD for the funding of its federal; therefore, the Authority is affected more by the federal budget than by local economic conditions.
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and, therefore, the amount of rental income
- Inflationary pressure on utility rates, housing costs, supplies and other costs
- Current trends in the housing market
- Local and national property rental markets that determine Housing Assistance Payments
- The economic impacts of COVID-19

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Michael Myatt, Executive Director, Housing Authority of the City of Bangor, 161 Davis Road, Bangor, ME 04401.

HOUSING AUTHORITY OF THE CITY OF BANGOR

STATEMENT OF NET POSITION

DECEMBER 31, 2021

Assets

Current Assets

Cash and cash equivalents	\$ 1,447,023
Restricted cash	508,152
Accounts receivable, net	583,234
Prepaid expenses and other current assets	158,858

Total Current Assets	<u>2,697,267</u>
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Noncurrent Assets

Restricted cash	206,897
Capital assets, non-depreciable	1,145,738
Capital assets, net of accumulated depreciation	13,583,978
Net pension asset	122,676

Total Noncurrent Assets	<u>15,059,289</u>
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Total Assets	<u>17,756,556</u>
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Deferred Outflows of Resources	<u>959,001</u>
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF BANGOR

STATEMENT OF NET POSITION (CONTINUED)

DECEMBER 31, 2021

Liabilities

Current Liabilities

Accounts payable	\$ 63,735
Accounts payable, other government	155,163
Current portion of long term debt	343,117
Accrued wages and current portion of compensated absences	163,330
Interest payable	8,647
Other current liabilities	110,882
Other accrued expenses	158,379
Unearned revenue	128,285
Tenant security deposits	218,453
Total Current Liabilities	<u>1,349,991</u>

Noncurrent Liabilities

Long term debt, net of current portion	4,432,100
Accrued compensated absences, net of current portion	72,990
Fair value of the interest rate swap	222,824
Family Self-sufficiency escrow	206,897
OPEB liabilities	411,431
Total Noncurrent Liabilities	<u>5,346,242</u>

Total Liabilities	<u>6,696,233</u>
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Deferred Inflows of Resources	<u>1,908,007</u>
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Net Position

Net investment in capital assets	9,954,499
Restricted:	
Housing assistance payments	102,266
Unrestricted (deficit)	<u>54,552</u>

Total Net Position	<u>\$ 10,111,317</u>
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF BANGOR

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2021

Operating Revenues	
HUD grants	\$ 6,635,795
Tenant rental income	2,855,770
Other revenue	585,183
Management and maintenance fees	530,814
Total Operating Revenues	<u>10,607,562</u>
Operating Expenses	
Housing assistance payments	2,666,492
Repair and maintenance	1,907,319
Depreciation expense	1,475,842
Administration	1,429,015
Utilities	1,351,780
Tenant services	1,068,703
Other general expenses	687,158
Insurance expense	322,964
Protective services	64,161
Total Operating Expenses	<u>10,973,434</u>
Operating Loss	<u>(365,872)</u>
Nonoperating Revenues (Expenses)	
Insurance recoveries	200,983
Interest and investment revenue	2,540
Interest expense	(155,617)
Total Nonoperating Revenues (Expenses)	<u>47,906</u>
Loss before Capital Grants	<u>(317,966)</u>
Capital Grants	
HUD capital grants	1,055,299
Total Capital Grants	<u>1,055,299</u>
Change in Net Position	737,333
Net Position, Beginning of Year	<u>9,373,984</u>
Net Position, End of Year	<u><u>\$ 10,111,317</u></u>

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

HOUSING AUTHORITY OF THE CITY OF BANGOR

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities

HUD grants	\$ 6,502,711
Receipts from tenants	2,785,169
Other operating receipts	1,096,518
Payments to employees	(3,579,478)
Payments to suppliers	(3,373,761)
Payments to landlords	(2,666,492)
Net cash provided by operating activities	<u>764,667</u>

Cash Flows from Capital and Related Financing Activities

Proceeds from insurance	200,983
HUD capital grants	1,332,996
Interest expense	(156,754)
Payments on long term debt	(333,253)
Acquisitions of capital assets	(1,535,714)
Net cash used in capital and related financing activities	<u>(491,742)</u>

Cash Flows from Investing Activities

Interest and dividends received	<u>2,540</u>
Net cash provided by investing activities	<u>2,540</u>

Net increase in cash, cash equivalents and restricted cash 275,465

Cash, cash equivalents and restricted cash, beginning of year 1,886,607

Cash, cash equivalents and restricted cash, end of year \$ 2,162,072

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

HOUSING AUTHORITY OF THE CITY OF BANGOR

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

Reconciliation of operating loss to net cash provided by operating activities:

Operating Loss	\$ (365,872)
Adjustments:	
Depreciation	1,475,842
gain on disposal of capital assets	(8,470)
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	(87,299)
(Increase) decrease in accounts receivable, other	(61,235)
(Increase) decrease in accounts receivable, HUD	2,452
(Increase) decrease in prepaid expenses and other current assets	33,858
(Decrease) increase in accounts payable	(30,743)
(Decrease) increase in accounts payable, other government	12,205
(Decrease) increase in compensated absences and accrued wages	42,655
deferred inflow/outflows of resources	(334,610)
(Decrease) increase in accrued expenses and other current liabilities	152,220
(Decrease) increase in tenant security deposits	14,290
(Decrease) increase in unearned operating revenue	(80,626)
Net cash provided by operating activities	<u>\$ 764,667</u>

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

Cash and cash equivalents	\$ 1,447,023
Restricted cash - current	508,152
Restricted cash - noncurrent	<u>206,897</u>

Total cash, cash equivalents and restricted cash per Statement of Net Position \$ 2,162,072

Supplemental Disclosure of Cash Flow Information:

Capital asset addition funded by capital debt	<u>\$ 40,649</u>
Change in capital asset acquisitions included in accounts payable	<u>\$ (277,484)</u>

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

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1 – ORGANIZATION

The Housing Authority of the City of Bangor (the Authority) was incorporated under the laws of the State of Maine. The Authority operates under a board of commissioner form of government to provide safe and decent housing to low and moderate-income families and elderly individuals.

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

Federal Programs

Low Rent Public Housing – (Asset Management Projects (AMPS)) – This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Authority. These units are rented to low-income families and low-income elderly, disabled, and special needs individuals. The properties were constructed with grants and or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Authority receives grants from HUD to subsidize operating deficits. Tenants are charged rents based on a percentage of their income.

Public Housing Capital Fund – HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the Low Rent Public Housing Program. A portion of these funds may also be used to support operations and to make improvements in the management and operation of the Authority.

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.

Emergency Housing Vouchers (EHV) - The Emergency Housing Voucher (EHV) program is available through the American Rescue Plan Act (ARPA). HUD awarded the Authority 15 Emergency Housing Vouchers in order to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1 – ORGANIZATION (CONTINUED)

Family Self Sufficiency Program (FSS) and Resident Opportunity Support Services (ROSS) - FSS helps eligible individuals acquire the skills and experience needed to obtain work that pays a living wage, and also offers them an opportunity to save towards homeownership. The Authority works with welfare agencies, schools, businesses, and other local partners to help FSS participants access services including but not limited to; childcare, transportation, education and training, and home-ownership counseling. ROSS links public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient. Grants are received from HUD pursuant to a detailed application submitted by the Authority.

Section 8 Moderate Rehabilitation – The moderate rehabilitation program provides project-based rental assistance for low-income families. Assistance is limited to properties previously rehabilitated pursuant to a housing assistance payments (HAP) contract between an owner and the Authority. Under the contract, the owner receives a subsidy equal to the difference between an approved contract rent and the tenant's share of the rent determined under HUD Section 8 regulations.

State/Local and Other Programs

Central Office Cost Center (COCC) – This program tracks common overhead expenses incurred by the Authority. To offset these common expenses, the COCC receives monthly a property management, bookkeeping and asset management fee from the AMPs. Additionally, the COCC receives from the Section 8 Housing Choice Voucher Program a monthly property management and bookkeeping fee.

Property Management – This program represents the activities of the Authority's programs using non-HUD resources. Such activities include providing management and maintenance services to several housing projects.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

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

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

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

Although not considered a component unit, the Authority is closely affiliated with the Bangor Housing Development Corporation (the Corporation). The Corporation is a tax-exempt entity that was formed to advocate housing for lower income individuals and families. The Corporation owns three low-income housing projects and two affordable market rate developments. The Authority appoints a minority to the Corporation's Board; however, the Corporation is not fiscally dependent on the Authority.

The Boys and Girls Club of Bangor is a tax-exempt organization created to provide service to local youth such as after-school, summer and teen programs. The Authority can appoint one member to the organization's board of directors. The organization is not fiscally dependent on the Authority and is not considered a component unit.

BASIS OF PRESENTATION AND ACCOUNTING

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

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

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NEW ACCOUNTING STANDARDS ADOPTED

During 2021, the Authority adopted GASB Statement No. 89 *Accounting for Interest Cost incurred before the end of a construction period*. This new accounting standard did not impact the Authority's financial statements.

USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures. Actual amounts could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Authority considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased.

ACCOUNTS RECEIVABLE

Accounts receivable from tenants are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts receivable. Accounts receivable from tenants are written off with board approval when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Allowances for other non-tenant receivables are reviewed annually. See Note 6 for details of accounts receivable and allowances at year end.

INVENTORIES

Inventories (consisting of materials and supplies) are valued at average cost. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. In accordance with the consumption method, inventory is expensed when items are consumed.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Capital assets include property, furniture, equipment and machinery with initial, individual costs that equal or exceed \$500 and estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the time of acquisition. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land and Building Improvements	5-30 years
Furniture, Equipment and Machinery	5-10 years

IMPAIRMENT OF CAPITAL ASSETS

Governmental Accounting Standards Board's, Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires certain note disclosures or recognition regarding impairments of capital assets. The Authority did not recognize any impairments of capital assets in fiscal year 2021.

COMPENSATED ABSENCES

Earned time is a program of accrued paid time off which consolidated vacation and sick time. Earned time is accrued each pay period based on the number of hours regular scheduled to work each week and the number of years at the Authority. Employees can earn between twenty to thirty-five days per year. Employees are allowed to carry over up to twice their annual accrual of earned time. Upon termination, an employee is paid accrued time in a lump sum at his/her current rate of pay. Total accrued compensated absences at December 31, 2021 aggregated \$183,429.

OPERATING REVENUES AND EXPENSES

Operating revenue includes operating grants and subsidies, rental income, management services provided and all other revenue relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities. Operating expenses include wages, housing assistance payments, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NON-OPERATING REVENUES AND EXPENSE

The Authority's nonoperating revenues relate primarily to capital grants provided by HUD and interest income. For reporting purposes, capital grant revenue is recognized when expenditures are incurred, and advance receipts are initially recorded as unearned revenue. Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

ECONOMIC DEPENDENCY

The Authority's state and federal programs are economically dependent on grants and annual contributions from DHCD and HUD, respectively. These programs operate at a loss prior to receiving these grants and contributions.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement system and additions/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the retirement system.

OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined by an actuarial valuation conducted by the Authority and are accounted for in accordance with the requirements of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources are the consumption of net position by the Authority that is applicable to a future reporting period. Deferred inflows of resources are the acquisition of net position by the Authority that is applicable to a future reporting period. These consist of the deferral of the recognition of revenues and expenses until the future period to which the outflows and inflows are related. The Authority's deferred outflows and inflows of resources are related to pension (See Note 12), related to OPEB (See Notes 13 and 14), or related to the changes in the fair value of the interest rate swap (See Note 9). The following is a summary of deferred outflows and inflows of resources at December 31, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Related to Pensions	\$ 642,279	\$ 1,782,703
Related to OPEB	93,898	125,304
Deferred Swap Outflow	<u>222,824</u>	<u>--</u>
Total	<u>\$ 959,001</u>	<u>\$ 1,908,007</u>

APPLICATION OF RESOURCES

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

FAIR VALUE CLASSIFICATION

The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs. The Authority's interest rate swap is reported at fair value. (Level 2)

SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 17, 2022, which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure in these financial statements.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 3 – NET POSITION

Net position is reported in three categories:

Net Investment in Capital Assets consists of all capital assets, reduced by accumulated depreciation, the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. At December 31, 2021, the net investment in capital assets was \$9,954,499.

Restricted Net Position consists of restricted assets, when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc. At December 31, 2021, restrictions of \$102,266 represent the net position restricted by HUD related to the Housing Choice Voucher Program and Emergency Housing Voucher Program to be used for future HAP payments.

Unrestricted Net Position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”. At December 31, 2021, the unrestricted net position was \$54,552.

NOTE 4 – CASH AND CASH EQUIVALENTS

The Authority has adopted HUD’s Investment Regulation PIH 1996-33 as its investment policy. HUD regulations require that all HUD deposits in financial institutions and investments be fully insured or collateralized, by U.S. Government obligations that have a fair value of not less than the principal amount of the deposits. The policy also requires that investments not have a maturity period longer than three years.

Custodial Credit Risk – Cash Deposits

At times, the Authority’s balances may exceed the Federal insurance limits; however, the Authority has not experienced any losses with respect to its bank balance in excess of government provided insurance. In addition, balances are fully collateralized through agreements with the financial institutions. Management believes that no significant risk exists with respect to cash balances as of December 31, 2021.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 5 – RESTRICTED CASH

The Authority's current restricted cash balance consists of funds held in escrow for tenant security deposits, funds received from HUD for the Emergency Housing Voucher Program (EHV) to be used for housing assistance payments and client services, funds received from other governmental or non-profit agencies for resident services, and the amount held in escrow for participants in the family self-sufficiency (FSS) program of \$110,882.

The Authority's non-current cash balance of \$206,897 consists of funds held in escrow for participants in the FSS program. These amounts support either a corresponding liability or restricted net position. At December 31, 2021, restricted cash was categorized as follows:

Category of Restriction	Amount
Housing assistance payments	\$ 102,266
EHV - Services	26,250
Resident services	50,301
FSS escrow	317,779
Tenant security deposits	<u>218,453</u>
Total	<u>\$ 715,049</u>

NOTE 6 – ACCOUNTS RECEIVABLE

The following is a listing of receivables for the Authority including the applicable allowances for uncollectible accounts at December 31, 2021. Included in the miscellaneous accounts receivable balance is \$412,300 in funds advanced to the Bangor Housing Development Corporation; management believes that the entire amount is collectible.

Category of Receivable	Amount
HUD	\$ 2,946
PHA Projects	657
Miscellaneous	461,175
Tenants	<u>185,345</u>
Gross Receivables	650,123
Allowance - Tenants	<u>(66,889)</u>
Net Receivables	<u>\$ 583,234</u>

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 7 – CAPITAL ASSETS

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

	January 1, 2021	Increases	Decreases	December 31, 2021
Capital assets - non-depreciable				
Land	\$ 479,541	\$ --	\$ --	\$ 479,541
Construction in progress	1,478,537	666,197	(1,478,537)	666,197
Total capital assets - non-depreciable	<u>1,958,078</u>	<u>666,197</u>	<u>(1,478,537)</u>	<u>1,145,738</u>
Capital assets - depreciable				
Buildings	34,337,802	1,180,639	--	35,518,441
Land Improvements	5,016,112	902,803	--	5,918,915
Furniture & equipment	<u>2,515,891</u>	<u>55,605</u>	<u>(47,328)</u>	<u>2,524,168</u>
Total capital assets - depreciable	<u>41,869,805</u>	<u>2,139,047</u>	<u>(47,328)</u>	<u>43,961,524</u>
Less accumulated depreciation				
Buildings	25,982,731	924,277	--	26,907,008
Land Improvements	1,741,584	304,995	--	2,046,579
Furniture & equipment	<u>1,205,359</u>	<u>246,570</u>	<u>(27,970)</u>	<u>1,423,959</u>
Total accumulated depreciation	<u>28,929,674</u>	<u>1,475,842</u>	<u>(27,970)</u>	<u>30,377,546</u>
Capital Assets Net	<u>\$ 14,898,209</u>	<u>\$ 1,329,402</u>	<u>\$ (1,497,895)</u>	<u>\$ 14,729,716</u>
Depreciation expense was charged to:				
Federal Public Housing		<u>\$ 1,335,660</u>		
COCC		<u>\$ 140,182</u>		

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 8 – NONCURRENT LIABILITIES (ASSETS)

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

	January 1, 2021	Additions	Reductions	December 31, 2021	Amount due within one year
Compensated Absences	\$ 158,139	\$ 276,962	\$ (251,672)	\$ 183,429	\$ 110,439
FSS Escrow	220,938	182,589	(85,748)	317,779	110,882
Fair Value of Interest Rate Swap	421,972	--	(199,148)	222,824	--
Net Pension Liability (Asset)	1,641,882	285,929	(2,050,487)	(122,676)	--
OPEB Liabilities	362,896	58,333	(9,798)	411,431	--
Total	<u>\$ 2,805,827</u>	<u>\$ 803,813</u>	<u>\$ (2,596,853)</u>	<u>\$ 1,012,787</u>	<u>\$ 221,321</u>

NOTE 9 – DERIVATIVE FINANCIAL INSTRUMENT – INTEREST RATE SWAP

The deferred swap inflow is recognized in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The Authority recognizes the fair value of the swap agreement as either an asset or liability on its statement of net position with the offsetting gain or loss as either a deferred inflow or outflow of resources, if deemed an effective hedge. The Authority has applied the synthetic instrument method to determine its swap agreement constitutes an effective cash flow hedge.

Objective and terms - On May 8, 2015, the Authority entered into a mortgage with Bangor Savings Bank in connection with an energy performance contract. The Authority entered into an interest rate swap agreement to reduce volatility related to variable interest debt. The agreement fixed the interest rate paid by the Authority until December 8, 2032 at 3.0%.

Fair Value - As of December 31, 2021, the interest rate swap had a fair value of negative \$222,824 and has been recorded as an increase in the interest rate swap liability and the related deferred swap outflow. The fair value was estimated using a proprietary valuation model developed by a counterparty.

Interest rate risk - The interest rate swap decreases the Authority's exposure to interest rate risk.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 9 – DERIVATIVE FINANCIAL INSTRUMENT – INTEREST RATE SWAP (CONTINUED)

Termination risk - The interest rate swaps were issued pursuant to the International Swap Dealers Association Master Agreements, which include standard termination events, such as failure to pay and bankruptcy. The Authority or the counterparty may terminate an interest rate swap if the other party fails to perform under the terms of the contract. In addition, if at the time of termination the interest rate swap has a negative fair value, the Authority would be liable to the Counterparty for a payment equal to the swap's fair value. As of December 31, 2021, the interest rate swaps had a total fair value of negative \$222,824.

Swap payments and associated debt - Floating rate debt and related interest rate swap payments are effective May 8, 2015. Debt associated with the interest rate swap and the notional amount of the swap at December 31, 2021, totaled \$4,511,663.

NOTE 10 – LONG TERM DEBT

Long term debt activity for the year ended December 31, 2021 is as follows:

	January 1, 2021	Additions	Reductions	December 31 2021	Amount due within one year
Notes Payable	\$ 4,973,153	\$ 40,649	\$ (317,396)	\$ 4,696,406	\$ 343,117
Line of Credit	<u>94,668</u>	<u>--</u>	<u>(15,857)</u>	<u>78,811</u>	<u>--</u>
Total	<u>\$ 5,067,821</u>	<u>\$ 40,649</u>	<u>\$ (333,253)</u>	<u>\$ 4,775,217</u>	<u>\$ 343,117</u>

On May 8, 2015, the Authority borrowed \$5,130,449 from Bangor Savings Bank to finance energy performance measures at the Authority's federal public housing developments. This note bears interest at 73% of the thirty-day LIBOR rate, plus 1.26% (1.3352% at December 31, 2021). In connection with this note payable, the Authority entered into an interest rate swap agreement (see Note 9) to fix the rate of interest at 3% per annum. Monthly payments of \$13,700 started on January 8, 2017 and will escalate each year until the final installment is due in December 8, 2032. The total principal balance outstanding at December 31, 2021 was \$4,511,663 and accrued interest was \$8,647. The Authority incurred interest expense of \$139,792 during 2021.

The Authority has also entered into notes payable to finance the acquisition their vehicles. At December 31, 2021, there are seventeen vehicles acquired under this method, three of which were acquired using this method in 2021. The terms of these notes payable range from 36 months to 60 months with maturity dates ranging from 2021 to 2025. The interest rates on these loans range from 0.00% to 6.99%. The total principal balance outstanding at December 31, 2021 was \$184,743. The Authority incurred interest expense of \$12,113 during 2021.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 10 – LONG TERM DEBT (CONTINUED)

During 2018, the Authority entered into a line of credit agreement with Bangor Savings Bank in the maximum amount of \$250,000. The interest rate on the line of credit varies based on the month of when funds were advanced (ranging from 4.00% to 4.69%). In 2018, the Authority used the line of credit to finance the purchase of a vehicle. The Authority is required to make monthly payments of principal and interest until maturity on January 30, 2023. At December 31, 2021, the outstanding principal balance on the line of credit was \$78,811. The Authority incurred interest expense of \$3,712 during 2021.

The debt will be amortized as follows:

Year	Principal Payments	Interest Payments	Total
2022	\$ 338,837	\$ 137,039	\$ 475,876
2023	366,981	126,140	493,121
2024	300,166	117,507	417,673
2025	323,266	108,248	431,514
2026	351,775	98,225	450,000
2027-2031	2,457,572	297,027	2,754,599
2032-2036	<u>636,620</u>	<u>9,773</u>	<u>646,393</u>
Total	<u>\$ 4,775,217</u>	<u>\$ 893,959</u>	<u>\$ 5,669,176</u>

NOTE 11 – REAL ESTATE TAXES

Property owned by the Authority is exempt from local real estate taxes. The Authority makes a payment in lieu of taxes equal to 10% of rental income charged less utility expenses annually for all of its properties constructed with and funded by HUD. The payment in lieu of taxes for the year ended December 31, 2021 aggregated \$150,819.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 12 – COST-SHARING DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

The Authority provides pension benefits to certain employees through the Maine Public Employees Retirement System (MPERS) Participating Local District (PLD) Consolidated plan, a cost-sharing, multiple-employer public employee retirement system. The plan is a defined benefit plan. Participation is mandatory for all full time employees of the Authority. The retirement plan is a pooled risk type of plan. Under this type of plan, funding is determined based on all employees covered for all employing units. The funding liabilities are shared by each employing unit pro-rata based on the number of employees in the employing unit. Since the Authority's share of pension liability is not based on their employees, pension expense is determined by the total required payment to be made to the retirement plan for the year. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to MPERS, P.O. Box 349, Augusta, Maine 04332, or by calling (207) 512-3100.

PLAN MEMBERSHIP

The Authority has 61 employees participating in the plan.

SIGNIFICANT PLAN PROVISIONS AND REQUIREMENTS

Benefit terms are established in Maine Statute. The system's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting occurs upon the earning of five years of service credit. 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 that a member is below his/her normal retirement age at retirement. The system also provides disability and death benefits, which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions. 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.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 12 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

FUNDING POLICY

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. The Authority's required and actual contributions to MPERS for the year ended December 31, 2021 were \$261,172. Employee contributions for the same period were \$206,755.

NET PENSION ASSET

At December 31, 2021, the Authority reported a net pension asset of \$122,676 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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 the pension plan relative to the projected contributions of all participating employers, actuarially determined.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 12 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

PENSION EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

For the year ended December 31, 2021, the Authority recognized negative pension expense of \$81,278. The deferred outflows of resources resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,357	\$ 8,338
Changes of assumptions	411,937	--
Net difference between projected and actual earnings on pension plan investments	--	1,672,124
Changes in proportion and differences between contributions and proportionate share of contributions	--	102,241
Contributions subsequent to the measurement date	150,985	--
Total	<u>\$ 642,279</u>	<u>\$ 1,782,703</u>

These amounts will be recognized as expense, or as a reduction of expense, as follows:

Year	Deferred Outflows (Inflows of) Resources
2022	\$ (100,247)
2023	(194,891)
2024	(380,635)
2025	<u>(464,651)</u>
Total	<u>\$ (1,140,424)</u>

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 12 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

ACTUARIAL METHODS & ASSUMPTIONS

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal Cost Method
Investment rate of return	6.50%
Discount rate	6.50%
Inflation	2.75%
Salary increases	2.75% - 11.48%
Cost of living adjustments	1.91%
Mortality rates	Based on the 2010 Public Plan General Benefits- Wighted Healthy Retiree Mortality Table, for males and demales, projected generationally using the RPEC_2020 model

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 12 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

ACTUARIAL METHODS & ASSUMPTIONS

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 asset class. 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 12 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate, as well as what the Authority's proportionate share of the net pension 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 5.50%	Current Discount 6.50%	1% Increase 7.50%
Net pension liability (asset)	\$ 1,745,757	\$ (122,676)	\$ (1,668,117)

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

PAYABLES TO THE PENSION PLAN

As of December 31, 2021, the Authority had no outstanding payables to MPERS.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 13 – COST-SHARING OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

PLAN DESCRIPTION AND BENEFITS PROVIDED

MPERS administers a Group Life Insurance Program for Retired PLD employees through a multiple-employer cost-sharing plan. The Group Life Insurance Plans provide basic group life insurance benefits, during retirement, to retirees who participated in the group life insurance 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. As of June 30, 2021, there were 228 employers participating in the plan.

CONTRIBUTIONS

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. PLD employers with retired PLD employees are required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period. Contributions to the OPEB plan from the Authority were \$5,486 for the year ended June 30, 2021. Employees are not required to contribute to the OPEB plan.

OPEB LIABILITIES, OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB

At December 31, 2021, the Authority reported a liability of \$47,735 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the Authority's proportion was 0.462371%.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 13 – COST-SHARING OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB LIABILITIES, OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)

For the year ended December 31, 2021, the Authority recognized negative OPEB expense of \$5,841. At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,394	\$ --
Changes of assumptions	8,054	32,190
Changes in Proportion	6,847	2,847
Net difference between projected and actual earnings on plan investments	<u>--</u>	<u>14,652</u>
Total	<u>\$ 20,295</u>	<u>\$ 49,689</u>

These amounts will be recognized as expense, or as a reduction of expense, as follows:

Measurement period ending June 30,	Deferred Outflows (Inflows) of Resources
2022	\$ (11,113)
2023	(5,080)
2024	(7,871)
2025	(8,635)
2026	1,653
Thereafter	<u>1,652</u>
Total	<u>\$ (29,394)</u>

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 13 – COST-SHARING OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	June 30, 2021
Actuarial Cost Method	Individual Entry Age Normal
Investment Rate of Return	6.50% per annum, compounded annually
Discount Rate	6.50%, net of OPEB plan investment expense, including inflation.
Inflation	2.75%
Salary Increase	2.75% - 11.48%
Cost of Living Adjustment	N/A - Life benefits do not increase with Cost of Living
Mortality Rates	Based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model

SENSITIVITY OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the Plan's total OPEB liability, calculated using the discount rate of 6.50% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower, or 1 percentage-point higher, than the current rate.

	1% Decrease 5.50%	Current Discount 6.50%	1% Increase 7.50%
Net OPEB liability	\$ <u>70,860</u>	\$ <u>47,735</u>	\$ <u>29,184</u>

OPEB PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

PAYABLES TO THE OPEB PLAN

As of December 31, 2021, the Authority had no outstanding payables to MPERS.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 14 – SINGLE EMPLOYER OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

PLAN DESCRIPTION

The Authority's defined benefit OPEB plan provides OPEB for employees who meet specified criteria. The OPEB plan is a single employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75.

The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for postretirement benefits. The retiree must enroll when first eligible and continue coverage without interruption thereafter. Any retiree who does not enroll when first eligible for coverage or who terminates for any reason shall not be eligible for subsequent enrollment.

BENEFITS PROVIDED

Medical/Prescription drug: The non-Medicare retirees are offered the same plans that are available to the active employees, as described in the benefits summaries. Medicare retirees are assumed to be enrolled in Medicare Parts A and B which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage.

Medicare - Medicare benefits will be taken into account for any member or dependent while they are eligible to apply for Medicare. The Fund will determine a family member's benefit allowance, if any, based upon the applicable Medicare statutes and regulations. The Fund does not participate in the Medicare Retiree Drug Subsidy program.

Duration of Coverage – Medical benefits are provided for the life of the retiree and surviving spouses.

Life Insurance - The \$2,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for a \$2,000 life insurance benefit as well.

Dental – Current retirees do not have access to dental benefits. Future new retirees who retire on and after January 1, 2017 will have access to purchase dental coverage at the Plan COBRA rates.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 14 – SINGLE EMPLOYER OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

PLAN MEMBERSHIP

At December 31, 2021, there are 42 active employees and zero retired employees enrolled in the plan.

ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date: Actuarially Determined Contribution was calculated as of January 1, 2020

Actuarial Cost Method: Individual Entry Age Normal

Municipal Bond Rate: 2.12% Source: Bond Buyer 20-Bond GO index as of December 31, 2020

Discount Rate: 2.12%

Inflation: 2.00%

Rate of Mortality: Rates of mortality are based on 104% and 120% of the RP- 2014 Total Dataset Healthy Annuitant Mortality Table, Respectively for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in year 2020.

Rationale for Demographic and Economic Assumptions: The actuarial assumptions are the assumptions that were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 14 – SINGLE EMPLOYER OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Healthcare Trend: The Medicare blended rate is expected to increase at a decreasing rate from 7.84% in 2020 to 3.28% in 2040. The Non-Medicare blended rate is expected to increase at a decreasing rate from 8.55% in 2020 to 3.28% in 2040.

Withdrawal Rates: Plan participants are expected to withdraw from the plan at a decreasing rate, based on years of service ranging from 25% with 0 years of service to 4% with 7+ years of service.

Retirement Rates: Plan participants are expected to retire at an increasing rate based on age ranging from 5% at age 55 to 100% at age 70.

CHANGES IN THE TOTAL OPEB LIABILITY

Balance at beginning of year	\$	306,784
Changes for the year:		
Service cost		26,473
Interest		9,112
Changes of Assumptions		22,748
Benefit payments		(1,421)
Net changes		<u>56,912</u>
Balance at end of year	\$	<u>363,696</u>

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

The following table presents the Plan's total OPEB liability, calculated using the discount rate of 2.12% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower, or 1 percentage-point higher, than the current rate.

	1% Decrease 1.12%	Current Discount 2.12%	1% Increase 3.12%
Total OPEB liability	<u>\$ 427,727</u>	<u>\$ 363,696</u>	<u>\$ 311,998</u>

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 14 – SINGLE EMPLOYER OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATE

The following table presents the net other postemployment benefit liability, calculated the healthcare trend rate if it was 1 percentage-point lower or 1 percentage-point higher than the current rate.

	1% Decrease	Current Trend	1% Increase
Total OPEB liability	<u>\$ 305,267</u>	<u>\$ 363,696</u>	<u>\$ 438,620</u>

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

For the year ended December 31, 2021, the Authority recognized OPEB expenses of \$34,724. The deferred outflows of resources resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. At December 31, 2021, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ 57,394
Changes of assumptions	<u>73,603</u>	<u>18,221</u>
Total	<u>\$ 73,603</u>	<u>\$ 75,615</u>

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 14 – SINGLE EMPLOYER OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)

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

Measurement Period Ending December 31,	Deferred Outflows (Inflows of) Resources
2022	\$ (861)
2023	(861)
2024	(861)
2025	(868)
2026	(2,525)
Thereafter	<u>3,964</u>
Total	<u>\$ (2,012)</u>

NOTE 15 – OTHER RETIREMENT PLANS

The Authority provides to employees a separate deferred compensation plan in accordance with IRC §457. The plan is open to all employees. Employee contributions for 2021 were \$44,101. There were no employer contributions.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 16 – RISK MANAGEMENT

LITIGATION

The Authority is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the risk management program are reviewed and losses are accrued as required in the judgment of management. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits and claims will not have a material adverse effect on the financial position of the Authority.

GRANTS

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

NOTE 17 – RELATED PARTY TRANSACTIONS

The Authority acts as the management agent for properties owned by Bangor Housing Development Corporation (BHDC). The Authority receives a management fee from each of these entities for its services. The Authority is reimbursed administrative and maintenance services performed. The Authority charged \$198,012 of management fees and was reimbursed \$332,802 for administrative and maintenance services for the year ended December 31, 2021. At December 31, 2021, the Authority was owed \$412,300 for services provided to Bangor Housing Development Corporation. For the year ended December 31, 2021, the Authority made housing assistance payments on behalf of residents living in properties owned by BHDC of \$408,294.

The Authority also provides general bookkeeping and staffing to the Boys and Girls Club of Bangor. Subject to funding appropriations from HUD and approval of the Authority's Board of Commissioners, the Authority provides an annual contribution to the Boys and Girls Club of Bangor. For the year ended December 31, 2021, this contribution was \$181,750. The Authority receives a monthly bookkeeping fee of \$200 and is reimbursed for the staffing costs. For the year ended December 31, 2021, the Authority was reimbursed \$361,647 and at December 31, 2021 \$33,739 was due to the Authority.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 18 – ECONOMIC UNCERTAINTIES

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of business across the country for non-essential services. The Authority has been able to continue its operations in this environment, however, at this point, the extent to which COVID-19 may impact the Authority's financial condition or results of operations is uncertain.

HOUSING AUTHORITY OF THE CITY OF BANGOR

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

LAST FOUR FISCAL YEARS

Year	Total OPEB Liability - Beginning	Service cost	Interest	Changes of benefit terms	Difference between expected and actual	Changes of Assumptions	Benefit payments	Net Change in Total OPEB Liability	Total OPEB Liability - Ending
2021	\$ 306,784	\$ 26,473	\$ 9,112	\$ --	\$ --	\$ 22,748	\$ (1,421)	\$ 56,912	\$ 363,696
2020	\$ 293,910	\$ 24,674	\$ 12,967	\$ (6,322)	\$ (67,695)	\$ 53,907	\$ (4,657)	\$ 12,874	\$ 306,784
2019	\$ 289,605	\$ 27,117	\$ 10,819	\$ --	\$ --	\$ (29,153)	\$ (4,478)	\$ 4,305	\$ 293,910
2018	\$ 247,173	\$ 22,556	\$ 10,129	\$ --	\$ (13,243)	\$ 26,540	\$ (3,550)	\$ 42,432	\$ 289,605

Year	Covered Payroll	OPEB Liability as a Percentage of Covered Payroll
2021	\$ 2,114,099	17.20%
2020	\$ 2,207,478	13.90%
2019	\$ 2,207,478	13.31%
2018	\$ 2,207,478	13.12%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

HOUSING AUTHORITY OF THE CITY OF BANGOR

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST FOUR FISCAL YEARS

Measurement period ending June 30,	2021	2020	2019	2018
Authority's proportion of the net OPEB liability	0.462%	0.425%	0.432%	0.438%
Authority's proportionate share of the net OPEB liability	\$ 47,735	\$ 56,112	\$ 92,441	\$ 88,511
Authority's Covered-employee payroll	\$ 2,714,448	\$ 2,566,673	\$ 2,592,531	\$ 2,474,876
Proportionate share of the net OPEB liability as a percentage of covered-employee payroll	1.8%	2.2%	3.6%	3.6%
Plan fiduciary net position as a percentage of the total OPEB liability	67.300%	55.400%	43.200%	43.900%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

HOUSING AUTHORITY OF THE CITY OF BANGOR

SCHEDULE OF OPEB CONTRIBUTIONS MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST FOUR FISCAL YEARS

Measurement Period Ending June 30,	2021	2020	2019	2018
Contractually required contribution	\$ 5,486	\$ 4,794	\$ 4,754	\$ 1,005
Contributions in relation to the contractually required contribution	<u>5,486</u>	<u>4,794</u>	<u>4,754</u>	<u>1,005</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Covered payroll	\$ 2,714,448	\$ 2,566,673	\$ 2,592,531	\$ 2,474,876
Contributions as a percentage of covered payroll	0.20%	0.19%	0.18%	0.04%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

HOUSING AUTHORITY OF THE CITY OF BANGOR

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY MAINE PUBLIC EMPLOYEES' RETIREMENT SYSTEM

LAST SEVEN FISCAL YEARS

Measurement Period Ending June 30,	Proportion of the net pension liability	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2021	0.382%	\$ (122,676)	\$ 2,714,448	-4.52%	100.860%
2020	0.413%	\$ 1,641,882	\$ 2,566,673	63.97%	88.350%
2019	0.437%	\$ 1,334,337	\$ 2,592,531	51.47%	90.620%
2018	0.440%	\$ 1,204,416	\$ 2,474,876	48.67%	91.100%
2017	0.452%	\$ 1,849,110	\$ 2,295,894	80.54%	86.428%
2016	0.442%	\$ 2,349,868	\$ 2,191,175	107.24%	81.613%
2015	0.415%	\$ 1,325,639	\$ 2,056,624	64.46%	88.274%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

HOUSING AUTHORITY OF THE CITY OF BANGOR

SCHEDULE OF PENSION CONTRIBUTIONS MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

LAST SEVEN FISCAL YEARS

Measurement Period Ending June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	\$ 261,172	\$ 261,172	\$ --	\$ 2,714,448	9.62%
2020	\$ 266,934	\$ 266,934	\$ --	\$ 2,566,673	10.40%
2019	\$ 267,039	\$ 267,039	\$ --	\$ 2,592,531	10.30%
2018	\$ 254,868	\$ 254,868	\$ --	\$ 2,474,876	10.30%
2017	\$ 231,513	\$ 231,513	\$ --	\$ 2,295,894	10.08%
2016	\$ 207,529	\$ 207,529	\$ --	\$ 2,191,175	9.47%
2015	\$ 169,804	\$ 169,804	\$ --	\$ 2,056,624	8.26%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

NOTE 1 – MAINE MUNICIPAL EMPLOYEES HEALTH TRUST DEFINED BENEFIT OPEB PLAN

DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Changes in the Total OPEB Liability and Related Ratios details the Plan's other postemployment benefit liability and the covered employee payroll. It demonstrates the Plan's total liability and the Plan's liability as a percentage of covered payroll.

10-YEAR TREND INFORMATION

The Schedule of Changes in the Total OPEB Liability and Related Ratios is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

CHANGES IN BENEFIT TERMS

There were no substantive plan changes since the last valuation.

CHANGES IN ASSUMPTIONS

There was a change in the discount rate from 2.74% to 2.12% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

NOTE 2 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT OPEB PLAN

DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of the Authority's Proportionate Share of the Net OPEB Liability presents multi-year trend information on the Authority's share of the Net OPEB Liability and related ratios.

The Schedule of OPEB Contributions presents multiyear trend information for the Authority's required and actual contributions relating to the OPEB plan.

10-YEAR TREND INFORMATION

The Schedule of Changes in the Total OPEB Liability and Related Ratios is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

CHANGES IN BENEFIT TERMS

There were no substantive plan changes since the last valuation.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

NOTE 2 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT OPEB PLAN (CONTINUED)

CHANGES IN ASSUMPTIONS

Effective June 30, 2021:

- Investment Return was decreased from 6.75% to 6.50%
- Annual Salary Increases, including inflation were updated from 2.75%-11.48% from 2.75%-9.00%
- Mortality Rates were updated to be based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model. Previously, for active and non-disabled employees, the RP2014 total dataset Healthy annuitant Mortality table for males and females, is used. For all recipients of disability benefits, the RP2014 total Dataset Disabled Annuitant Mortality Table, for males and females is used.

NOTE 3 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN

DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of the Proportionate Share of the Net Pension Liability presents multi-year trend information on the Authority's share of the Net Pension Liability and related ratios.

The Schedule of Contributions presents multiyear trend information for the Authority's required and actual contributions relating to the pension plan.

10-YEAR TREND INFORMATION

The Schedules of the Proportionate Share of the Net Pension Liability and the Schedule of Contributions are intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

CHANGES IN BENEFIT TERMS

There were no substantive plan changes since the last valuation.

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

NOTE 3 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (CONTINUED)

CHANGES IN ASSUMPTIONS

Effective June 30, 2021:

- Investment Return was decreased from 6.75% to 6.50%
- Annual Salary Increases, including inflation were updated from 2.75%-11.48% from 2.75%-9.00%
- Mortality Rates were updated to be based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model. Previously, for active and non-disabled employees, the RP2014 total dataset Healthy annuitant Mortality table for males and females, is used. For all recipients of disability benefits, the RP2014 total Dataset Disabled Annuitant Mortality Table, for males and females is used.

HOUSING AUTHORITY OF THE CITY OF BANGOR

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2021

FDS Line Item	Description	ME009000001	ME009000004	ROSS	Housing Choice Vouchers	Section 8 Moderate Rehabilitation Program	Emergency Housing Vouchers
111	Cash - Unrestricted	926,969	15,767	-	261,717	4,756	7,357
113	Cash - Other Restricted	195,200	-	-	71,300	-	68,913
114	Cash - Tenant Security Deposits	202,269	16,184	-	-	-	-
115	Cash - Restricted for Payment of Current Liabilities	153,936	-	-	7,247	-	-
100	Total Cash	1,478,374	31,951	-	340,264	4,756	76,270
121	Accounts Receivable - PHA Projects	-	-	-	657	-	-
122	Accounts Receivable - HUD Other Projects	2,946	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	56,428	-	-	-	-	-
126	Accounts Receivable - Tenants	175,144	5,754	-	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	(58,273)	(4,169)	-	-	-	-
128	Fraud Recovery	-	-	-	4,447	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	(4,447)	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	176,245	1,585	-	657	-	-
142	Prepaid Expenses and Other Assets	26,967	-	-	-	-	-
143	Inventories	133,233	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	(1,332)	-	-	-	-	-
144	Inter Program Due From	-	-	18,134	-	-	-
150	Total Current Assets	1,813,487	33,536	18,134	340,921	4,756	76,270
161	Land	5,911,983	486,475	-	-	-	-
162	Buildings	32,580,846	2,937,595	-	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	828,943	266,581	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	280,315	12,444	-	24,547	-	-
166	Accumulated Depreciation	(26,934,793)	(2,718,023)	-	(24,547)	-	-
167	Construction in Progress	666,197	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	13,333,491	985,072	-	-	-	-
174	Other Assets	38,351	2,543	-	5,639	42	-
180	Total Non-Current Assets	13,371,842	987,615	-	5,639	42	-
200	Deferred Outflow of Resources	426,318	41,189	-	35,576	268	-
290	Total Assets and Deferred Outflow of Resources	15,611,647	1,062,340	18,134	382,136	5,066	76,270
312	Accounts Payable <= 90 Days	47,870	683	-	150	-	-
321	Accrued Wage/Payroll Taxes Payable	24,587	996	-	3,044	12	-
322	Accrued Compensated Absences - Current Portion	47,828	3,107	-	14,134	21	-
325	Accrued Interest Payable	7,635	1,012	-	-	-	-
333	Accounts Payable - Other Government	141,748	13,415	-	-	-	-

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF BANGOR

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2021

FDS Line Item	Description	ME009000001	ME009000004	ROSS	Housing Choice Vouchers	Section 8 Moderate Rehabilitation Program	Emergency Housing Vouchers
341	Tenant Security Deposits	202,269	16,184	-	-	-	-
342	Unearned Revenue	76,551	2,049	18,134	5,301	-	26,250
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	199,149	25,363	-	-	-	-
345	Other Current Liabilities	108,936	-	-	1,946	-	-
346	Accrued Liabilities - Other	144,194	9,879	-	3,965	-	-
347	Inter Program - Due To	18,134	-	-	-	-	-
310	Total Current Liabilities	1,018,901	72,688	18,134	28,540	33	26,250
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	3,811,779	502,502	-	-	-	-
353	Non-current Liabilities - Other	391,954	26,070	-	11,697	-	-
354	Accrued Compensated Absences - Non Current	31,611	2,053	-	9,341	14	-
357	Accrued Pension and OPEB Liabilities	120,768	5,645	-	29,612	150	-
350	Total Non-Current Liabilities	4,356,112	536,270	-	50,650	164	-
300	Total Liabilities	5,375,013	608,958	18,134	79,190	197	26,250
400	Deferred Inflow of Resources	596,001	39,327	-	90,336	676	-
508.4	Net Investment in Capital Assets	9,322,563	457,207	-	-	-	-
511.4	Restricted Net Position	-	-	-	59,603	-	42,663
512.4	Unrestricted Net Position	318,070	(43,152)	-	153,007	4,193	7,357
513	Total Equity - Net Assets / Position	9,640,633	414,055	-	212,610	4,193	50,020
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	15,611,647	1,062,340	18,134	382,136	5,066	76,270
70300	Net Tenant Rental Revenue	2,449,340	206,440	-	-	-	-
70400	Tenant Revenue - Other	197,398	2,592	-	-	-	-
70500	Total Tenant Revenue	2,646,738	209,032	-	-	-	-
70600	HUD PHA Operating Grants	3,088,256	202,346	77,633	2,958,923	31,741	56,710
70610	Capital Grants	1,039,438	15,861	-	-	-	-
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-	-
71100	Investment Income - Unrestricted	1,839	-	-	600	-	1
71400	Fraud Recovery	-	-	-	75	-	-
71500	Other Revenue	741,524	463	-	84,069	-	-
71600	Gain or Loss on Sale of Capital Assets	9,264	-	-	-	-	-

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF BANGOR

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2021

FDS Line Item	Description	ME009000001	ME009000004	ROSS	Housing Choice Vouchers	Section 8 Moderate Rehabilitation Program	Emergency Housing Vouchers
70000	Total Revenue	7,527,059	427,702	77,633	3,043,667	31,741	56,711
91100	Administrative Salaries	489,986	26,119	-	27,681	580	1,897
91200	Auditing Fees	18,210	1,120	-	1,083	121	-
91300	Management Fee	709,844	54,853	-	63,290	720	-
91310	Book-keeping Fee	44,932	4,463	-	35,063	450	-
91400	Advertising and Marketing	631	-	-	37	4	-
91500	Employee Benefit contributions - Administrative	-	1,773	-	(18,913)	(674)	680
91600	Office Expenses	158,840	8,504	-	17,294	752	6
91700	Legal Expense	11,770	-	-	-	-	-
91800	Travel	7,894	42	2,292	-	-	-
91900	Other	50,458	3,104	-	11,950	409	2,596
91000	Total Operating - Administrative	1,492,565	99,978	2,292	137,485	2,362	5,179
92000	Asset Management Fee	61,440	-	-	-	-	-
92100	Tenant Services - Salaries	333,823	16,672	45,411	30,343	-	-
92300	Employee Benefit Contributions - Tenant Services	93,647	3,127	23,394	(13,263)	-	-
92400	Tenant Services - Other	281,357	7,020	-	-	-	-
92500	Total Tenant Services	708,827	26,819	68,805	17,080	-	-
93100	Water	130,327	4,318	-	-	-	-
93200	Electricity	557,106	60,434	-	-	-	-
93300	Gas	335,626	-	-	-	-	-
93600	Sewer	213,353	7,582	-	-	-	-
93000	Total Utilities	1,236,412	72,334	-	-	-	-
94100	Ordinary Maintenance and Operations - Labor	122,777	7,972	-	12,503	143	-
94200	Ordinary Maintenance and Operations - Materials and Other	39,826	25,373	-	-	-	-
94300	Ordinary Maintenance and Operations Contracts	1,698,318	67,815	-	1,191	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	15,434	1,924	-	3,501	-	-
94000	Total Maintenance	1,876,355	103,084	-	17,195	143	-
95200	Protective Services - Other Contract Costs	56,071	4,788	-	-	-	-
95000	Total Protective Services	56,071	4,788	-	-	-	-
96110	Property Insurance	115,652	-	-	-	-	-
96120	Liability Insurance	48,546	8,526	-	2,838	313	-
96130	Workmen's Compensation	60,976	3,689	-	3,564	393	-
96100	Total insurance Premiums	225,174	12,215	-	6,402	706	-
96200	Other General Expenses	253,124	7,242	-	3,387	-	-
96210	Compensated Absences	106,973	2,546	-	31,184	6	-

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF BANGOR

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2021

FDS Line Item	Description	ME009000001	ME009000004	ROSS	Housing Choice Vouchers	Section 8 Moderate Rehabilitation Program	Emergency Housing Vouchers
96300	Payments in Lieu of Taxes	137,404	13,415	-	-	-	-
96400	Bad debt - Tenant Rents	-	2,276	-	-	-	-
96000	Total Other General Expenses	497,501	25,479	-	34,571	6	-
96710	Interest of Mortgage (or Bonds) Payable	124,953	16,291	-	-	-	-
96700	Total Interest Expense and Amortization Cost	124,953	16,291	-	-	-	-
96900	Total Operating Expenses	6,279,298	360,988	71,097	212,733	3,217	5,179
97000	Excess of Operating Revenue over Operating Expenses	1,247,761	66,714	6,536	2,830,934	28,524	51,532
97300	Housing Assistance Payments	-	-	-	2,632,951	32,029	1,512
97350	HAP Portability-In	-	-	-	72,113	-	-
97400	Depreciation Expense	1,236,647	99,013	-	-	-	-
90000	Total Expenses	7,515,945	460,001	71,097	2,917,797	35,246	6,691
10093	Transfers between Program and Project - In	6,536	-	-	-	-	-
10094	Transfers between Project and Program - Out	-	-	(6,536)	-	-	-
10100	Total Other financing Sources (Uses)	6,536	-	(6,536)	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	17,650	(32,299)	-	125,870	(3,505)	50,020
11030	Beginning Equity	9,622,983	446,354	-	86,740	7,698	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	153,007	-	-
11180	Housing Assistance Payments Equity	-	-	-	59,603	-	-
11190	Unit Months Available	6,156	600	-	5,280	60	90
11210	Number of Unit Months Leased	5,991	595	-	4,989	60	6
11610	Land Purchases	853,287	-	-	-	-	-
11620	Building Purchases	186,151	15,861	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF BANGOR

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2021

FDS Line Item	Description	HCV CARES Act Funding	Public Housing CARES Act Funding	PIH Family Self Sufficiency Program	State/Local	COCC	Eliminations	Total
111	Cash - Unrestricted	-	-	-	96,190	134,267	-	1,447,023
113	Cash - Other Restricted	-	-	-	-	-	-	335,413
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	218,453
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	161,183
100	Total Cash	-	-	-	96,190	134,267	-	2,162,072
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	657
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	2,946
125	Accounts Receivable - Miscellaneous	-	-	-	365,901	38,846	-	461,175
126	Accounts Receivable - Tenants	-	-	-	-	-	-	180,898
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	(62,442)
128	Fraud Recovery	-	-	-	-	-	-	4,447
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	(4,447)
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	-	-	365,901	38,846	-	583,234
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-	26,967
143	Inventories	-	-	-	-	-	-	133,233
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	(1,332)
144	Inter Program Due From	-	-	-	-	-	(18,134)	-
150	Total Current Assets	-	-	-	462,091	173,113	(18,134)	2,904,174
161	Land	-	-	-	-	-	-	6,398,458
162	Buildings	-	-	-	-	-	-	35,518,441
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	1,383	-	1,096,907
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	1,109,955	-	1,427,261
166	Accumulated Depreciation	-	-	-	-	(700,185)	-	(30,377,548)
167	Construction in Progress	-	-	-	-	-	-	666,197
160	Total Capital Assets, Net of Accumulated Depreciation	-	-	-	-	411,153	-	14,729,716
174	Other Assets	-	-	-	9,806	66,285	-	122,666
180	Total Non-Current Assets	-	-	-	9,806	477,438	-	14,852,382
200	Deferred Outflow of Resources	-	-	-	57,851	397,799	-	959,001
290	Total Assets and Deferred Outflow of Resources	-	-	-	529,748	1,048,350	(18,134)	18,715,557
312	Accounts Payable <= 90 Days	-	-	-	-	15,032	-	63,735
321	Accrued Wage/Payroll Taxes Payable	-	-	-	2,996	21,256	-	52,891
322	Accrued Compensated Absences - Current Portion	-	-	-	9,995	35,354	-	110,439
325	Accrued Interest Payable	-	-	-	-	-	-	8,647
333	Accounts Payable - Other Government	-	-	-	-	-	-	155,163
341	Tenant Security Deposits	-	-	-	-	-	-	218,453
342	Unearned Revenue	-	-	-	-	-	-	128,285
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	118,605	-	343,117
345	Other Current Liabilities	-	-	-	-	-	-	110,882
346	Accrued Liabilities - Other	-	-	-	-	341	-	158,379
347	Inter Program - Due To	-	-	-	-	-	(18,134)	-
310	Total Current Liabilities	-	-	-	12,991	190,588	(18,134)	1,349,991

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HOUSING AUTHORITY OF THE CITY OF BANGOR

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2021

FDS Line Item	Description	HCV CARES Act Funding	Public Housing CARES Act Funding	PIH Family Self Sufficiency Program	State/Local	COCC	Eliminations	Total
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	117,819	-	4,432,100
353	Non-current Liabilities - Other	-	-	-	-	-	-	429,721
354	Accrued Compensated Absences - Non Current	-	-	-	6,606	23,365	-	72,990
357	Accrued Pension and OPEB Liabilities	-	-	-	25,943	229,313	-	411,431
350	Total Non-Current Liabilities	-	-	-	32,549	370,497	-	5,346,242
300	Total Liabilities	-	-	-	45,540	561,085	(18,134)	6,696,233
400	Deferred Inflow of Resources	-	-	-	150,639	1,031,028	-	1,908,007
508.4	Net Investment in Capital Assets	-	-	-	-	174,729	-	9,954,499
511.4	Restricted Net Position	-	-	-	-	-	-	102,266
512.4	Unrestricted Net Position	-	-	-	333,569	(718,492)	-	54,552
513	Total Equity - Net Assets / Position	-	-	-	333,569	(543,763)	-	10,111,317
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	-	-	-	529,748	1,048,350	(18,134)	18,715,557
70300	Net Tenant Rental Revenue	-	-	-	-	-	-	2,655,780
70400	Tenant Revenue - Other	-	-	-	-	-	-	199,990
70500	Total Tenant Revenue	-	-	-	-	-	-	2,855,770
70600	HUD PHA Operating Grants	127,968	33,817	58,401	-	-	-	6,635,795
70610	Capital Grants	-	-	-	-	-	-	1,055,299
70710	Management Fee	-	-	-	-	953,897	(953,897)	-
70720	Asset Management Fee	-	-	-	-	61,440	(61,440)	-
70730	Book Keeping Fee	-	-	-	-	105,773	(105,773)	-
70740	Front Line Service Fee	-	-	-	-	1,474,873	(1,358,030)	116,843
70700	Total Fee Revenue	-	-	-	-	2,595,983	(2,479,140)	116,843
70800	Other Government Grants	-	-	-	5,750	-	-	5,750
71100	Investment Income - Unrestricted	-	-	-	75	25	-	2,540
71400	Fraud Recovery	-	-	-	-	-	-	75
71500	Other Revenue	-	-	-	413,971	17,928	(72,113)	1,185,842
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	(794)	-	8,470
70000	Total Revenue	127,968	33,817	58,401	419,796	2,613,142	(2,551,253)	11,866,384
91100	Administrative Salaries	-	33,261	-	71,094	329,418	-	980,036
91200	Auditing Fees	-	-	-	579	7,687	-	28,800
91300	Management Fee	-	-	-	125,190	-	(953,897)	-
91310	Book-keeping Fee	-	-	-	20,865	-	(105,773)	-
91400	Advertising and Marketing	-	-	-	20	2,866	-	3,558
91500	Employee Benefit contributions - Administrative	-	556	-	11,474	57,537	-	52,433
91600	Office Expenses	-	-	-	4,719	57,797	-	247,912
91700	Legal Expense	-	-	-	-	-	-	11,770
91800	Travel	-	-	-	-	4,518	-	14,746
91900	Other	-	-	-	1,604	19,639	-	89,760
91000	Total Operating - Administrative	-	33,817	-	235,545	479,462	(1,059,670)	1,429,015

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF BANGOR

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2021

FDS Line Item	Description	HCV CARES Act Funding	Public Housing CARES Act Funding	PIH Family Self Sufficiency Program	State/Local	COCC	Eliminations	Total
92000	Asset Management Fee	-	-	-	-	-	(61,440)	-
92100	Tenant Services - Salaries	27,282	-	38,545	55,963	-	-	548,039
92300	Employee Benefit Contributions - Tenant Services	-	-	19,856	840	-	-	127,601
92400	Tenant Services - Other	100,686	-	-	4,000	-	-	393,063
92500	Total Tenant Services	127,968	-	58,401	60,803	-	-	1,068,703
93100	Water	-	-	-	-	375	-	135,020
93200	Electricity	-	-	-	-	17,175	-	634,715
93300	Gas	-	-	-	-	23,889	-	359,515
93600	Sewer	-	-	-	-	1,595	-	222,530
93000	Total Utilities	-	-	-	-	43,034	-	1,351,780
94100	Ordinary Maintenance and Operations - Labor	-	-	-	43,044	820,381	-	1,006,820
94200	Ordinary Maintenance and Operations - Materials and Other	-	-	-	-	20,481	-	85,680
94300	Ordinary Maintenance and Operations Contracts	-	-	-	-	103,241	(1,358,030)	512,535
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	10,735	270,690	-	302,284
94000	Total Maintenance	-	-	-	53,779	1,214,793	(1,358,030)	1,907,319
95200	Protective Services - Other Contract Costs	-	-	-	-	3,302	-	64,161
95000	Total Protective Services	-	-	-	-	3,302	-	64,161
96110	Property Insurance	-	-	-	-	-	-	115,652
96120	Liability Insurance	-	-	-	1,518	49,757	-	111,498
96130	Workmen's Compensation	-	-	-	1,907	25,285	-	95,814
96100	Total insurance Premiums	-	-	-	3,425	75,042	-	322,964
96200	Other General Expenses	-	-	-	-	-	-	263,753
96210	Compensated Absences	-	-	-	31,863	97,738	-	270,310
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	150,819
96400	Bad debt - Tenant Rents	-	-	-	-	-	-	2,276
96000	Total Other General Expenses	-	-	-	31,863	97,738	-	687,158
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	14,373	-	155,617
96700	Total Interest Expense and Amortization Cost	-	-	-	-	14,373	-	155,617
96900	Total Operating Expenses	127,968	33,817	58,401	385,415	1,927,744	(2,479,140)	6,986,717
97000	Excess of Operating Revenue over Operating Expenses	-	-	-	34,381	685,398	(72,113)	4,879,667
97300	Housing Assistance Payments	-	-	-	-	-	-	2,666,492
97350	HAP Portability-In	-	-	-	-	-	(72,113)	-
97400	Depreciation Expense	-	-	-	-	140,182	-	1,475,842
90000	Total Expenses	127,968	33,817	58,401	385,415	2,067,926	(2,551,253)	11,129,051
10093	Transfers between Program and Project - In	-	-	-	-	-	(6,536)	-
10094	Transfers between Project and Program - Out	-	-	-	-	-	6,536	-
10100	Total Other financing Sources (Uses)	-	-	-	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	-	-	34,381	545,216	-	737,333

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF BANGOR

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2021

FDS Line Item	Description	HCV CARES Act Funding	Public Housing CARES Act Funding	PIH Family Self Sufficiency Program	State/Local	COCC	Eliminations	Total
11020	Required Annual Debt Principal Payments	-	-	-	-	118,792	-	324,741
11030	Beginning Equity	-	-	-	299,188	(1,088,979)	-	9,373,984
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	153,007
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	59,603
11190	Unit Months Available	-	-	-	-	-	-	12,186
11210	Number of Unit Months Leased	-	-	-	-	-	-	11,641
11610	Land Purchases	-	-	-	-	-	-	853,287
11620	Building Purchases	-	-	-	-	-	-	202,012
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	5,565	-	5,565

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF BANGOR

STATEMENT OF ACTUAL MODERNIZATION COSTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Project:	ME01P009501-18	ME01P009501-19	ME01P009501-20
Modernization Funds Approved	\$ 1,326,346	\$ 1,381,502	\$ 1,495,678
Modernization Funds Expended	<u>1,326,346</u>	<u>1,381,502</u>	<u>1,495,678</u>
Excess of Modernization Funds Approved	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Modernization Funds Advanced	\$ 1,326,346	\$ 1,381,502	\$ 1,495,678
Modernization Funds Expended	<u>1,326,346</u>	<u>1,381,502</u>	<u>1,495,678</u>
Excess of Modernization Funds Advanced	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Based on our review of the completed projects:

- 1) All work in connection with the projects is complete.
- 2) All liabilities have been incurred and discharged through payment.

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF BANGOR
STATEMENT OF ACTUAL MODERNIZATION COSTS – UNCOMPLETED
FOR THE YEAR ENDED DECEMBER 31, 2021

Project:	ME01P009501-21
Modernization Funds Approved	\$ 1,575,346
Modernization Funds Expended	<u>451,001</u>
Excess of Modernization Funds Approved	<u>\$ 1,124,345</u>
Modernization Funds Advanced	\$ 448,055
Modernization Funds Expended	<u>451,001</u>
Excess of Modernization Funds Advanced	<u>\$ (2,946)</u>

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF BANGOR

STATEMENT OF ACTUAL GRANT COSTS - UNCOMPLETED

FOR THE YEAR ENDED DECEMBER 31, 2021

Grant:	FSS21ME3859	ROSS201412
Grant Funds Approved	\$ 63,709	\$ 235,306
Grant Funds Expended	<u>58,401</u>	<u>105,253</u>
Excess of Grant Funds Approved	<u>\$ 5,308</u>	<u>\$ 130,053</u>
Grant Funds Advanced	\$ 58,401	\$ 123,387
Grant Funds Expended	<u>58,401</u>	<u>105,253</u>
Excess of Grant Funds Advanced	<u>\$ --</u>	<u>\$ 18,134</u>

See Independent Auditors' Report

HOUSING AUTHORITY OF THE CITY OF BANGOR

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass- Through Entity Identifying Number	Provided to Sub-recipients	Total Federal Expenditures
Department of Housing & Urban Development (HUD)				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	--	\$ --	\$ 2,845,684
Section 8 Housing Choice Vouchers - CARES Act	14.871	--	--	127,968
Section 8 Housing Choice Vouchers - Emergency Housing Vouchers	14.871	--	--	56,710
Total Section 8 Housing Choice Vouchers			--	3,030,362
Total Housing Voucher Cluster			--	3,030,362
Section 8 Project-Based Cluster				
Lower Income Housing Assistance Program-				
Section 8 Moderate Rehabilitation	14.856	--	--	31,741
Total Section 8 Project-Based Cluster			--	31,741
Public and Indian Housing	14.850	--	--	3,111,057
Public and Indian Housing - CARES Act	14.850	--	--	33,817
Total Public and Indian Housing			--	3,144,874
Public Housing Capital Fund (CFP)	14.872	--	--	1,234,844
Resident Opportunity and Support Services	14.870	--	--	77,633
PIH Family Self Sufficiency Program	14.896	--	--	58,401
Total Department of Housing & Urban Development			--	7,577,855
Total Expenditures of Federal Awards			\$ --	\$ 7,577,855

See Notes to the Schedule of Expenditures of Federal Awards

HOUSING AUTHORITY OF THE CITY OF BANGOR

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Housing Authority of the City of Bangor, under programs of the federal government for the year ended December 31, 2021. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Housing Authority of the City of Bangor, it is not intended to and does not present the financial position, changes in net position or cash flows of Housing Authority of the City of Bangor.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

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

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

To The Board of Commissioners
Housing Authority of the City of Bangor
Bangor, Maine

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Bangor as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Bangor's basic financial statements, and have issued our report thereon dated August 17, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Bangor's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Providence, Rhode Island
August 17, 2022

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

To The Board of Commissioners
Housing Authority of the City of Bangor
Bangor, Maine

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Housing Authority of the City of Bangor and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Housing Authority of the City of Bangor 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 Housing Authority of the City of Bangor'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 Housing Authority of the City of Bangor's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Housing Authority of the City of Bangor's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Housing Authority of the City of Bangor'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 Housing Authority of the City of Bangor'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 Housing Authority of the City of Bangor's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Providence, Rhode Island
August 17, 2022

HOUSING AUTHORITY OF THE CITY OF BANGOR

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ Yes ☒ No

FEDERAL AWARDS

Internal control over major federal programs:

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

Type of auditors' report issued on compliance for major federal programs: *Unmodified Opinions*

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

Identification of major federal programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
14.850	Public and Indian Housing
14.872	Public Housing Capital Fund (CFP)

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

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

HOUSING AUTHORITY OF THE CITY OF BANGOR

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2019-001 & 2020-001 – Activities Allowed or Unallowed

CONDITION

At December 31, 2020, asset management project ME0090001 (Amp 1) had intercompany receivables of \$172,861.

STATUS

At December 31, 2021, asset management project ME0090001 (Amp 1) had been fully repaid for funds advanced in prior fiscal years. We consider this matter resolved; However, the Authority has not closed the matter with HUD.

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

To The Board of Commissioners
Housing Authority of the City of Bangor
Bangor, Maine

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

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

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

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

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

We were engaged to perform an audit in accordance with the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)*, by the Authority as of and for the year ended December 31, 2021 and have issued our reports thereon dated August 17, 2022. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Authority's supplementary information dated August 17, 2022, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by the OMB Uniform Guidance, which includes the auditors' reports, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

The purpose of this report on applying the agreed-upon procedures is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Providence, Rhode Island
August 17, 2022

BANGOR HOUSING AUTHORITY

	Actual / Projected Units	HUD Funding <u>2022</u>	HAP Actual/ Projected <u>2022</u>	Monthly Under/(over) Funded	Cummulative Under/(over) Funded	PUC	HAP Equity Account
Jan-22	401	\$226,956.00	\$ 213,744.00	\$13,212.00	\$13,212.00	\$533.03	\$68,767.15
Feb-22	401	\$220,284.00	\$ 219,741.00	\$ 543.00	\$13,755.00	\$547.98	\$81,979.15
Mar-22	404	\$221,094.00	\$ 218,255.00	\$ 2,839.00	\$16,594.00	\$540.24	\$82,522.15
Apr-22	398	\$221,094.00	\$ 216,042.00	\$5,052.00	\$21,646.00	\$542.82	\$85,361.15
May-22	396	\$236,319.00	\$ 219,064.00	\$17,255.00	\$38,901.00	\$553.19	\$90,413.15
Jun-22	393	\$181,824.00	\$ 218,141.00	(\$36,317.00)	\$2,584.00	\$555.07	\$107,668.15
Jul-22	399	\$181,824.00	\$ 221,675.00	(\$39,851.00)	(\$37,267.00)	\$555.58	\$71,351.15
Aug-22	0	\$0.00	\$ -	\$0.00	(\$37,267.00)	#DIV/0!	\$31,500.15
Sep-22	0	\$0.00	\$ -	\$0.00	(\$37,267.00)	#DIV/0!	\$31,500.15
Oct-22	0	\$0.00	\$ -	\$0.00	(\$37,267.00)	#DIV/0!	\$31,500.15
Nov-22	0	\$0.00	\$ -	\$0.00	(\$37,267.00)	#DIV/0!	\$31,500.15
Dec-22	0	\$0.00	\$ -	\$0.00	(\$37,267.00)	#DIV/0!	\$31,500.15
	<u>2792</u>	<u>\$1,489,395.00</u>	<u>\$ 1,526,662.00</u>	<u>(\$37,267.00)</u>			

* Before interest income and Fraud Recovery

Baseline Units 3143

Over/Under Leases -351

HAP To Date \$ 1,526,662.00

Current PUC \$555.58

Beginning NRA Balance \$54,574.00
Cummulative Under(over) Funding (\$37,267.00)

Utilization

Dollars 102.50%
Units 88.83%

Half of Fraud/Interest
End of Month NRA \$17,307.00

HUD Retained HAP \$ (849.00)

Total HAP Reserves \$ 16,458.00

Hud Held Reserve 12/31/2021 \$ -
2021 Funding \$ 2,635,404.00
2021 HUD Disbursed (\$2,636,253.00)
2021 Ending Hud Held Reserves \$ (849.00)

2022 Funding \$1,489,395.00
2022 HUD Disbursed \$ (1,526,662.00)
2022 Ending Hud Held Reserves \$ (37,267.00)

Remianing 2022 Funding \$1,134,780.00
Amount per month \$ 226,956.00