

MAYNARD HOUSING AUTHORITY

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

MAYNARD HOUSING AUTHORITY

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MAYNARD HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Maynard Housing Authority
Maynard, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Maynard Housing Authority, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Maynard Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Maynard Housing Authority, as of December 31, 2022, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information presented on pages 41 through 45, 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 Maynard Housing Authority's basic financial statements. The supplementary information on pages 46 through 50, 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 46 through 50, 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 September 28, 2023 on our consideration of the Maynard Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Maynard Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Maynard Housing Authority's internal control over financial reporting and compliance.

Marcum LLP

Boston, Massachusetts
September 28, 2023

MAYNARD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

The Maynard Housing Authority (the Authority) is pleased to present its basic financial statements as of and for the year ended December 31, 2022, 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, 2022, with comparative data for the year ended December 31, 2021. 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, 2022 by \$3,347,811 (net position), representing an increase of \$483,928 from the prior year.
- Total revenues increased by \$461,126 from the prior year, while total expenses increased by \$178,319.
- The Authority's current ratio that measures liquidity increased during the year from 3.26 to 8.03.
- The Authority's total debt decreased from \$55,374 to \$0.

MAYNARD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2022

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

Low Rent Public Housing Program
Public Housing Capital Fund
Section 8 Moderate Rehabilitation and Section 8 Housing Assistance Payments Contract

State/Local and Other Programs

State Consolidated Housing
Massachusetts Rental Voucher Program
State Modernization Program

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

MAYNARD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2022

FINANCIAL ANALYSIS

Summary of Net Position

Presented below is the Authority's condensed summary of net position at December 31, 2022 compared to December 31, 2021. 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, 2022 and 2021

	2022	2021	Change	% Change
Current Assets	\$ 1,158,301	\$ 657,030	\$ 501,271	76.29%
Capital Assets	<u>3,462,685</u>	<u>3,576,437</u>	<u>(113,752)</u>	-3.18%
Total Assets	<u>4,620,986</u>	<u>4,233,467</u>	<u>387,519</u>	9.15%
Deferred Outflows of Resources	<u>811,830</u>	<u>300,990</u>	<u>510,840</u>	169.72%
Current Liabilities	144,303	201,697	(57,394)	-28.46%
Noncurrent Liabilities	<u>1,667,702</u>	<u>1,314,877</u>	<u>352,825</u>	26.83%
Total Liabilities	<u>1,812,005</u>	<u>1,516,574</u>	<u>295,431</u>	19.48%
Deferred Inflows of Resources	<u>273,000</u>	<u>154,000</u>	<u>119,000</u>	77.27%
Investment in capital assets	3,462,685	3,521,063	(58,378)	-1.66%
Restricted	--	66,134	(66,134)	-100.00%
Unrestricted (deficit)	<u>(114,874)</u>	<u>(723,314)</u>	<u>608,440</u>	-84.12%
Total Net Position	<u>\$ 3,347,811</u>	<u>\$ 2,863,883</u>	<u>\$ 483,928</u>	16.90%

Total assets of the Authority at December 31, 2022 and 2021 were \$4,620,986 and \$4,233,467, respectively, a change of 9.15%. The significant components of current assets are cash and receivables. The significant components of noncurrent assets are capital. 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.

MAYNARD HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2022

Total liabilities of the Authority at December 31, 2022 and 2021 were \$1,812,005 and \$1,516,574, respectively, a change of 19.48%. Current liabilities include accounts payable, accrued liabilities and unearned revenue. Noncurrent liabilities are primarily made up of the pension and OPEB liabilities.

Deferred inflows and outflows of resources relate to the Authority pension and OPEB liabilities. In 2022, the Authority's pension and OPEB related deferred outflows increased by \$510,840 and deferred inflows increased by \$119,000. These changes are the result of fluctuations in the actuarial valuations of the liabilities and the change in the value of pension assets.

Net position represents the Authority's equity, which is accounted for in three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, buildings and building improvements, construction in progress, and equipment, 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 \$608,440, or 84.12%, for the fiscal year.

MAYNARD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2022

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, 2022 compared to the year ended December 31, 2021. 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, 2022 and 2021

	2022	2021	Change	% Change
Revenue				
Operating Revenues	\$ 2,379,155	\$ 1,919,548	\$ 459,607	23.94%
Non-operating Revenues	<u>73,960</u>	<u>72,441</u>	<u>1,519</u>	2.10%
Total Revenues	<u>2,453,115</u>	<u>1,991,989</u>	<u>461,126</u>	23.15%
Expenses				
Repair and maintenance	589,576	419,437	170,139	40.56%
Administration	389,087	429,970	(40,883)	-9.51%
Housing assistance payments	356,390	362,816	(6,426)	-1.77%
Utilities	360,431	303,704	56,727	18.68%
Depreciation expense	215,765	215,340	425	0.20%
Insurance expense	48,697	43,806	4,891	11.17%
Other general expenses	8,365	9,674	(1,309)	-13.53%
Interest expense	<u>876</u>	<u>6,121</u>	<u>(5,245)</u>	-85.69%
Total Expenses	<u>1,969,187</u>	<u>1,790,868</u>	<u>178,319</u>	9.96%
Change in Net Position	483,928	201,121	282,807	140.62%
Net Position - Beginning of Year	<u>2,863,883</u>	<u>2,662,762</u>	<u>201,121</u>	7.55%
Net Position - End of Year	<u>\$ 3,347,811</u>	<u>\$ 2,863,883</u>	<u>\$ 483,928</u>	16.90%

MAYNARD HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2022

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, 2021 to December 31, 2022 include the following:

- Operating revenues increased by \$459,607, or 23.94%, due to an increase in subsidy available to the Authority's project based Section 8 development.
- Repair and maintenance expenses increased by \$170,139, or 40.56%, due to the completion of projects that were previously delayed due to COVID-19.
- Administrative expenses decreased by \$40,883, or 9.51%, due to the recognition of the changes in the OPEB and pension liabilities which caused a decrease in employee benefit expense.
- Utilities increased by \$56,727, or 18.68%, due to an increase in utility rates.
- Interest expense decreased by \$5,245, or 85.69%, due to the reduction of long term debt in the current fiscal year.

MAYNARD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2022, capital assets, net of accumulated depreciation was \$3,462,685 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, 2021 to December 31, 2022:

CAPITAL ASSET ANALYSIS
December 31, 2022 and 2021

	2022	2021	Change	% Change
Land	\$ 421,036	\$ 421,036	\$ --	0.00%
Buildings	6,827,234	6,778,434	48,800	0.72%
Furniture and equipment	270,595	319,224	(48,629)	-15.23%
Construction in progress	<u>1,264,451</u>	<u>1,191,769</u>	<u>72,682</u>	6.10%
Total capital assets	8,783,316	8,710,463	72,853	0.84%
Accumulated depreciation	<u>(5,320,631)</u>	<u>(5,134,026)</u>	<u>(186,605)</u>	3.63%
Capital assets, net of accumulated depreciation	<u>\$ 3,462,685</u>	<u>\$ 3,576,437</u>	<u>\$ (113,752)</u>	-3.18%

The majority of the additions were attributable to construction in progress. Additional information on the Authority's capital assets can be found at Note 7 in the notes to financial statements.

MAYNARD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2022

Long-Term Debt

At December 31, 2022, the Authority had total long-term debt of \$0, a decrease of \$55,374 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, 2022 and 2021

	2022	2021	Change	% Change
Long term debt	\$ --	\$ 55,374	\$ (55,374)	-100.00%

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 and the Massachusetts Executive Office of Housing and Livable Communities (EOHLC) for the funding of its federal and state programs, respectively; therefore, the Authority is affected more by the federal and state budget than by local economic conditions.
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and, therefore, the amount of rental income
- Inflationary pressure on utility rates, housing costs, supplies and other costs
- Current trends in the housing market
- Local and national property rental markets that determine Housing Assistance Payments

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Vonnice Morris, Executive Director, Maynard Housing Authority, 15 Powder Mill Circle, Maynard, MA 01754.

MAYNARD HOUSING AUTHORITY

STATEMENT OF NET POSITION

DECEMBER 31, 2022

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,015,805
Restricted cash	11,791
Accounts receivable, net	128,619
Prepaid expenses and other current assets	<u>2,086</u>
Total Current Assets	<u>1,158,301</u>

Noncurrent Assets

Capital assets, non-depreciable	1,685,487
Capital assets, net of accumulated depreciation	<u>1,777,198</u>
Total Noncurrent Assets	<u>3,462,685</u>

TOTAL ASSETS	<u>4,620,986</u>
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DEFERRED OUTFLOWS OF RESOURCES	<u>811,830</u>
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The accompanying notes are an integral part of these financial statements.

MAYNARD HOUSING AUTHORITY
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2022

LIABILITIES

Current Liabilities

Accounts payable	\$ 58,043
Accounts payable, other government	9,431
Accrued wages and current portion of compensated absences	30,639
Unearned revenue	34,399
Tenant security deposits	<u>11,791</u>
Total Current Liabilities	<u>144,303</u>

Noncurrent Liabilities

Accrued compensated absences, net of current portion	24,166
Net pension liability	228,000
OPEB liability	<u>1,415,536</u>
Total Noncurrent Liabilities	<u>1,667,702</u>

TOTAL LIABILITIES	<u>1,812,005</u>
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DEFERRED INFLOWS OF RESOURCES	<u>273,000</u>
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NET POSITION

Investment in capital assets	3,462,685
Unrestricted (deficit)	<u>(114,874)</u>

TOTAL NET POSITION	<u><u>\$ 3,347,811</u></u>
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The accompanying notes are an integral part of these financial statements.

MAYNARD HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2022

OPERATING REVENUES

Tenant rental income	\$ 758,887
HUD grants	1,155,800
Other government grants	397,802
Other revenue	<u>66,666</u>
Total Operating Revenues	<u>2,379,155</u>

OPERATING EXPENSES

Repair and maintenance	589,576
Administration	389,087
Housing assistance payments	356,390
Utilities	360,431
Depreciation expense	215,765
Insurance expense	48,697
Other general expenses	<u>8,365</u>
Total Operating Expenses	<u>1,968,311</u>

Operating Income	<u>410,844</u>
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NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	1,278
Interest expense	<u>(876)</u>
Total Nonoperating Revenues (Expenses)	<u>402</u>

Income before Capital Grants	<u>411,246</u>
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CAPITAL GRANTS

Government capital grants	<u>72,682</u>
Total Capital Grants	<u>72,682</u>

Change in Net Position	483,928
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Net Position, Beginning of Year	<u>2,863,883</u>
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Net Position, End of Year	<u>\$ 3,347,811</u>
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The accompanying notes are an integral part of these financial statements.

MAYNARD HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

HUD grants	\$ 1,144,668
Other government grants	438,579
Receipts from tenants	757,189
Other operating receipts	50,901
Payments to employees	(605,140)
Payments to suppliers	(809,015)
Payments to landlords	<u>(356,390)</u>
Net cash provided by operating activities	<u>620,792</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Other government capital grants	72,682
Interest expense	(876)
Payments on long term debt	(55,374)
Acquisitions of capital assets	<u>(102,013)</u>
Net cash used in capital and related financing activities	<u>(85,581)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	<u>1,278</u>
Net cash provided by investing activities	<u>1,278</u>

Net increase in cash, cash equivalents and restricted cash 536,489

Cash, cash equivalents and restricted cash, beginning of year 491,107

Cash, cash equivalents and restricted cash, end of year \$ 1,027,596

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

MAYNARD HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Operating Income	\$ 410,844
Adjustments:	
Depreciation	215,765
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	(7,496)
(Increase) decrease in accounts receivable, HUD	(11,132)
(Increase) decrease in accounts receivable, other government	53,931
(Increase) decrease in prepaid expenses and other current assets	(85)
(Decrease) increase in accounts payable	(90)
(Decrease) increase in accounts payable, other government	(2,834)
(Decrease) increase in compensated absences and accrued wages	1,971
(Decrease) increase in net pension, OPEB liabilities and deferred inflow/outflows of resources	(39,767)
(Decrease) increase in tenant security deposits	3,356
(Decrease) increase in unearned operating revenue	(3,671)
Net cash provided by operating activities	<u>\$ 620,792</u>

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

Cash and cash equivalents	\$ 1,015,805
Restricted cash - current	<u>11,791</u>
Total cash, cash equivalents and restricted cash per Statement of Net Position	<u>\$ 1,027,596</u>

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

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 1 – ORGANIZATION

The Maynard Housing Authority (the Authority) was incorporated under the laws of the Commonwealth of Massachusetts. 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 Moderate Rehabilitation and Section 8 Housing Assistance Payments Contract – 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. Mainstream vouchers assist non-elderly persons with disabilities. Aside from serving a special population, Mainstream vouchers are administered using the same rules as other housing choice vouchers.

State/Local and Other Programs

State Consolidated Housing – Under these programs, the Authority owns, operates and maintains rental housing acquired with grants from Massachusetts Executive Office of Housing and Livable Communities (EOHLC). Dwelling units are leased to low income tenants at rates based on their ability to pay. Operations are supported by EOHLC via operating grants.

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 1 – ORGANIZATION (CONTINUED)

Massachusetts Rental Voucher Program (MRVP) – EOHLC provides grants to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority subsidizes the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a contract amount.

State Modernization Program – EOHLC provides grant funds to authorities with State Consolidated units based on the Authority's application and determination of need. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the State Consolidated Housing Program.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

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

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

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

BASIS OF PRESENTATION AND ACCOUNTING

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

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION AND ACCOUNTING (CONTINUED)

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

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

NEW ACCOUNTING STANDARDS ADOPTED

During 2022, the Authority adopted the following accounting standards that did not impact the Authority's financial statements.

GASB Statement

Number	Name
87	<i>Leases</i>
89	<i>Accounting for interest cost incurred before the end of a construction period</i>
97	<i>Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan</i>

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.

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

CAPITAL ASSETS

Capital assets include property, furniture, equipment and machinery with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time of acquisition. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land and Building Improvements	15 years
Furniture, Equipment and Machinery	5 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 2022.

COMPENSATED ABSENCES

The Authority's policy allows employees to carry forward vacation time of not more than 3 weeks unless approved in advance by the Executive Director. Upon retirement, resignation, involuntary termination, employees shall be paid an amount equal to the vacation allowance earned, provided that, no monetary or other allowance shall be made. Sick leave credit shall begin on the first working day of the first full month following employment and accumulate thereafter at a rate of 15 days/120 hours per year for full time employees. Sick time will be prorated, consistent with an employees' regular hours worked per week should employees work less than full time. The maximum time that an employee can accrue shall not be capped. Any accumulated sick leave at the time of retirement shall be paid not exceeding \$15,000. Sick leave buy back shall be capped at a maximum of 20% of the sick leave balance at retirement. Total accrued compensated absences at December 31, 2022 aggregated \$47,600.

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NON-OPERATING REVENUES AND EXPENSE

The Authority's nonoperating revenues relate primarily to capital grants provided by HUD and the Commonwealth of Massachusetts 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 EOHLC 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)*.

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net assets that applies to future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. These consist of the deferral of the recognition of revenues and expenses until the future period to which the outflows and inflows are related. The Authority's deferred outflows and inflows of resources are related to pension or OPEB. The following is a summary of deferred outflows and inflows of resources at December 31, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Related to Pensions	\$ 253,054	\$ 273,000
Related to OPEB	558,776	--
Total	<u>\$ 811,830</u>	<u>\$ 273,000</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.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 28, 2023, 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.

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 3 – NET POSITION

Net position is reported in three categories:

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. The Authority had no debt related to its capital assets at December 31, 2022. At December 31, 2022, the investment in capital assets was \$3,462,685.

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, 2022 there were no restricted net positions.

Unrestricted Net Position is designed to represent the net available assets, for the entire Authority. At December 31, 2022, the unrestricted net deficit was \$114,874.

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, 2022.

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 5 – RESTRICTED CASH

The Authority's restricted cash balance consists of funds designated for tenant security deposits. This amount supports a corresponding liability. At December 31, 2022, \$11,791 represent funds restricted for tenant security deposits.

NOTE 6 – ACCOUNTS RECEIVABLE

The following is a listing of receivables for the Authority including the applicable allowances for uncollectible accounts at December 31, 2022.

Category of Receivable	Amount
HUD	\$ 81,372
Other Government	30,673
Tenants	<u>21,602</u>
Gross Receivables	133,647
Allowance - Tenants	<u>(5,028)</u>
Net Receivables	<u><u>\$ 128,619</u></u>

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 7 – CAPITAL ASSETS

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

	January 1, 2022	Increases	Decreases	December 31, 2022
Capital assets not being depreciated				
Land	\$ 421,036	\$ --	\$ --	\$ 421,036
Construction in progress	<u>1,191,769</u>	<u>121,482</u>	<u>(48,800)</u>	<u>1,264,451</u>
Total capital assets not being depreciated	<u>1,612,805</u>	<u>121,482</u>	<u>(48,800)</u>	<u>1,685,487</u>
Capital assets being depreciated				
Buildings	6,778,434	48,800	--	6,827,234
Furniture, equipment & machinery	<u>319,224</u>	<u>--</u>	<u>(48,629)</u>	<u>270,595</u>
Total capital assets being depreciated	<u>7,097,658</u>	<u>48,800</u>	<u>(48,629)</u>	<u>7,097,829</u>
Less accumulated depreciation				
Buildings	4,866,978	215,765	--	5,082,743
Furniture, equipment & machinery	<u>267,048</u>	<u>--</u>	<u>(29,160)</u>	<u>237,888</u>
Total accumulated depreciation	<u>5,134,026</u>	<u>215,765</u>	<u>(29,160)</u>	<u>5,320,631</u>
Capital Assets Net	<u>\$ 3,576,437</u>	<u>\$ (45,483)</u>	<u>\$ (68,269)</u>	<u>\$ 3,462,685</u>
Depreciation expense was charged to:				
Federal Public Housing		<u>\$ 57,864</u>		
Other Programs		<u>\$ 157,901</u>		

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 8 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended December 31, 2022 is as follows:

	January 1, 2022	Additions	Reductions	December 31, 2022	Amount due within one year
Compensated Absences	\$ 44,018	\$ 44,000	\$ (40,418)	\$ 47,600	\$ 23,434
Net Pension Liability	375,000	--	(147,000)	228,000	--
OPEB Liability	<u>916,463</u>	<u>499,073</u>	<u>--</u>	<u>1,415,536</u>	<u>--</u>
Total	<u>\$ 1,335,481</u>	<u>\$ 543,073</u>	<u>\$ (187,418)</u>	<u>\$ 1,691,136</u>	<u>\$ 23,434</u>

NOTE 9 – 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. State funded scattered site units make payments in lieu of real estate taxes equal to ½ of the Municipality's tax rate plus \$100 multiplied by the number of available bedrooms. State funded family properties make payments in lieu of real estate taxes equal to \$3 per unit per month. The payment in lieu of taxes for the year ended December 31, 2022 aggregated \$4,783.

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 10 – COST-SHARING DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

The Authority provides pension benefits to certain employees through the Maynard Contributory Retirement System (MCRS), a cost-sharing, multiple-employer defined benefit pension plan established and administered by the Maynard retirement Board under the provision of Chapter 32 of the Massachusetts General Laws (MGL), as amended, to provide pension benefits for the participants. 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 the net 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. The MCRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Maynard Retirement Board, 195 Main Street, Maynard, Massachusetts 01754

PLAN MEMBERSHIP

The Authority has 6 employees participating in the plan.

SIGNIFICANT PLAN PROVISIONS AND REQUIREMENTS

State law establishes benefit provisions and contribution requirements of the MCRS. Employees with service dates beginning before April 2, 2012, the System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest consecutive three-year average annual rate of regular compensation. For those employees who began their service after April 2, 2012, the System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest consecutive five-year average annual rate of regular compensation. Benefit payments are based upon a participant's age, length of creditable service, level of compensation and group classification. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years' creditable service in order to retire at age 55 or 60, as applicable. Participants become vested after ten years of creditable service. Benefits commencing before age 65 are generally provided at a reduced rate. Plan members who become permanently and totally disabled may be eligible to receive a disability retirement allowance. The amount of benefits to be received depends on several factors, including the member's age, compensation, veteran status, years of creditable service, and whether or not the disability is work-related. In addition, certain death benefits exist for beneficiaries of employees who die in active service.

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 10 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

FUNDING POLICY

Depending on their employment date, active Plan members must contribute either 5%, 7%, 8%, or 9% of their gross regular compensation. Members hired after December 31, 1978 must contribute an additional 2% of regular compensation in excess of \$30,000. These deductions earn interest at a rate determined by PERAC that vests based upon years of service. Member employers are required to contribute the remaining amounts necessary to finance benefits, except for certain cost-of-living adjustments (COLAs) granted before July 1, 1998, which are reimbursed by the Commonwealth. The current and two preceding years' apportionment of the annual pension cost between the employers required the Authority to contribute approximately 3.40% of the total. The Authority's required and actual contributions to MCRS for the year ended December 31, 2022 were \$99,054. Employee contributions for the same period were \$32,871.

PENSION LIABILITIES

At December 31, 2022, the Authority reported a liability of \$228,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 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.

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 10 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

PENSION EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

For the year ended December 31, 2022, the Authority recognized pension expense of \$14,000. 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, 2022, 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	\$ 13,000	\$ 33,000
Changes of assumptions	97,000	--
Net difference between projected and actual earnings on pension plan investments	--	240,000
Changes in proportion and differences between contributions and proportionate share of contributions	44,000	--
Contributions subsequent to the measurement date	99,054	--
Total	<u>\$ 253,054</u>	<u>\$ 273,000</u>

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

Year	Deferred Outflows (Inflows) of Resources
2023	\$ 92,054
2024	(61,000)
2025	(32,000)
2026	(20,000)
2027	1,000
Total	<u>\$ (19,946)</u>

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 10 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

ACTUARIAL METHODS & ASSUMPTIONS

The total pension liability in the January 1, 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	Not explicitly stated
Salary increases	4.25% to 4.75%
Cost of living adjustments	3.00% on the first \$15,000 of retirement benefits
Mortality rates	RP-2014 Blue Collar Employee Mortality Table projected generationally using Scale MP-2017.

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
Domestic equity securities - large cap	30.00%
Domestic equity securities - small cap	10.00%
International equity securities - developed markets	7.50%
International equity securities - emerging markets	7.50%
Fixed income	27.50%
Alternative assets	10.00%
Real estate	7.50%

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 10 – 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)	\$ 490,246	\$ 228,000	\$ 5,644

PENSION PLAN FIDUCIARY NET POSITION

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

PAYABLES TO THE PENSION PLAN

As of December 31, 2022, the Authority had no outstanding payables to MCRS.

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

PLAN DESCRIPTION AND BENEFITS PROVIDED

The Authority's defined benefit OPEB plan provides OPEB for all permanent full-time employees of the Authority. The OPEB plan is a single employer defined benefit OPEB plan administered by the Authority. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75.

The Authority provides comprehensive medical insurance, both with and without Medicare coordination, and life insurance to its employees who meet certain eligibility requirements. Employees are eligible for postretirement benefits if he/she has reached the age of 55 as an active employee and completed 10 years of service.

All active employees who retire from the Authority and meet the eligibility criteria will receive these benefits. The duration of these benefits is for the employee's lifetime. Under this cost sharing plan, these benefits cover 80% of premiums for Medical for those who retire on or after 10/1/2009 (85% for those who retired after 7/1/1994 but before 10/1/2009, and 90% for all others) for both individuals and family members.

The face value of each life insurance policy is \$5,000. Life insurance benefits do not apply to family members, this benefit covers 80% of premiums for Medical for those who retire on or after 10/1/2009 (85% for those who retired after 7/1/1994 but before 10/1/2009, and 90% for all others) for individuals.

PLAN MEMBERSHIP

At December 31, 2022, there are 6 active employees and 7 retired employees enrolled in the plan.

TOTAL OPEB LIABILITY

The Authority's total OPEB liability of \$1,415,536 was measured as of January 1, 2022 and was determined by an actuarial valuation as of December 31, 2022.

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS

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

Actuarial Cost Method	Individual Entry Age Normal
Investment Rate of Return	Not explicitly stated
Municipal Bond Rate	2.25%
Discount Rate	2.25%
Inflation	2.50%
Salary Increase	3.00%
Pre-Retirement Mortality	RP-2014 Blue Collar Employee Mortality Table projected generationally using Scale MP-2016.
Post-Retirement Mortality	RP-2014 Blue Collar Employee Mortality Table projected generationally using Scale MP-2016.
Mortality Experience Study	The actuarial assumptions used to calculate the actuarial accrued liability and the service cost primarily reflect the latest experience studies of PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.
Healthcare Trend	4.50%
Withdrawal Rates	Plan participants are expected to withdraw from the plan at a decreasing rate, based on years of service and age, from 27.0% at age 20 and 0-4 years of service to 3.50% at age 60 and 10+ years of service.
Retirement Rates	Plan participants are expected to retire at an increasing rate based on age and gender. Males are expected to retire at a rate of 1% for those aged 50 years, to 100% for those aged 70 years. Females are expected to retire at a rate of 1.5% for those aged 50 years, to 100% for those aged 70 years.

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

CHANGES IN THE TOTAL OPEB LIABILITY

Balance at beginning of year	\$ 916,463
Changes for the year:	
Service cost	23,662
Interest	29,924
Difference between expected and actual experience	186,350
Changes of Assumptions	298,208
Benefit payments	(39,071)
Net changes	499,073
Balance at end of year	<u>\$ 1,415,536</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 2.25% 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 1.25%	Current Discount 2.25%	1% Increase 3.25%
Total OPEB liability	<u>\$ 1,687,818</u>	<u>\$ 1,415,536</u>	<u>\$ 1,203,528</u>

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

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

	1% Decrease 3.50%	Current Trend 4.50%	1% Increase 5.50%
Total OPEB liability	<u>\$ 1,188,043</u>	<u>\$ 1,415,536</u>	<u>\$ 1,709,456</u>

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

For the year ended December 31, 2022, the Authority recognized OPEB expenses of \$178,358. 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, 2022, 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	\$ 248,852	\$ --
Changes of assumptions	270,853	--
Contributions subsequent to the measurement date	<u>39,071</u>	<u>--</u>
Total	<u>\$ 558,776</u>	<u>\$ --</u>

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
2023	\$ 202,009
2024	162,942
2025	96,911
2026	<u>96,914</u>
Total	<u>\$ 558,776</u>

MAYNARD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 12 – 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 2022 were \$3,300. There were no employer contributions.

NOTE 13 – 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.

MAYNARD HOUSING AUTHORITY

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST FIVE FISCAL YEARS

Year	Total OPEB Liability - Beginning	Service cost	Interest	Changes of benefit terms	Difference between expected and actual experience	Changes of Assumptions	Benefit payments	Net Change in Total OPEB Liability	Total OPEB Liability - Ending
2022	\$ 916,463	\$ 23,662	\$ 29,924	\$ --	\$ 186,350	\$ 298,208	\$ (39,071)	\$ 499,073	\$ 1,415,536
2021	\$ 908,174	\$ 15,884	\$ 29,435	\$ --	\$ --	\$ --	\$ (37,030)	\$ 8,289	\$ 916,463
2020	\$ 579,329	\$ 15,384	\$ 18,757	\$ --	\$ 249,427	\$ 80,712	\$ (35,435)	\$ 328,845	\$ 908,174
2019	\$ 560,205	\$ 15,218	\$ 18,467	\$ --	\$ --	\$ --	\$ (14,561)	\$ 19,124	\$ 579,329
2018	\$ 526,268	\$ 24,351	\$ 17,691	\$ --	\$ 4,525	\$ --	\$ (12,630)	\$ 33,937	\$ 560,205

Year	Covered Payroll	OPEB Liability as a Percentage of Covered Payroll
2022	\$ 390,290	362.69%
2021	\$ 354,501	258.52%
2020	\$ 347,725	261.18%
2019	\$ 308,995	187.49%
2018	\$ 285,028	196.54%

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

MAYNARD HOUSING AUTHORITY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY MAYNARD CONTRIBUTORY RETIREMENT SYSTEM

LAST FISCAL YEAR

Measurement Period Ending December 31,	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered payroll	Proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	3.400%	\$ 228,000	\$ 390,920	58.32%	90.600%

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

MAYNARD HOUSING AUTHORITY

SCHEDULE OF PENSION CONTRIBUTIONS

MAYNARD CONTRIBUTORY RETIREMENT SYSTEM

LAST FISCAL YEAR

Measurement Period Ending December 31,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	\$ 94,000	\$ 94,000	\$ --	\$ 390,920	24.05%

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

See Notes to Required Supplementary Information

MAYNARD HOUSING AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022

NOTE 1 – OTHER POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS

DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION

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

10-YEAR TREND INFORMATION

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

CHANGES IN BENEFIT TERMS

There were no changes in benefit terms from the prior measurement date.

CHANGES IN ASSUMPTIONS

Effective December 31, 2022;

- Discount rate is 2.25%, previously 3.25%
- Based on the recent actuarial research, the Getzen model has been adopted for future projected healthcare costs

NOTE 2 – PENSION PLAN SCHEDULES

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.

MAYNARD HOUSING AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

DECEMBER 31, 2022

NOTE 2 – PENSION PLAN SCHEDULES (CONTINUED)

CHANGES IN BENEFIT TERMS

There were no changes in benefit terms from the prior measurement date.

CHANGES IN ASSUMPTIONS

Effective December 31, 2021;

- Discount rate is 6.50%, previously 6.75%

MAYNARD HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2022

FDS Line Item	Description	AMP 01	AMPs	N/C S/R Section 8 Programs	State/Local	Total
111	Cash - Unrestricted	284,392	284,392	503,299	161,980	949,671
113	Cash - Other Restricted	--	--	66,134	--	66,134
114	Cash - Tenant Security Deposits	--	--	11,791	--	11,791
100	Total Cash	284,392	284,392	581,224	161,980	1,027,596
122	Accounts Receivable - HUD Other Projects	--	--	81,372	--	81,372
124	Accounts Receivable - Other Government	--	--	--	30,673	30,673
126	Accounts Receivable - Tenants	12,261	12,261	7,593	1,748	21,602
126.1	Allowance for Doubtful Accounts -Tenants	(3,828)	(3,828)	(1,200)	--	(5,028)
120	Total Receivables, Net of Allowances for Doubtful Accounts	8,433	8,433	87,765	32,421	128,619
142	Prepaid Expenses and Other Assets	2,086	2,086	--	--	2,086
150	Total Current Assets	294,911	294,911	668,989	194,401	1,158,301
161	Land	421,036	421,036	--	--	421,036
162	Buildings	2,827,215	2,827,215	2,522,851	1,477,168	6,827,234
164	Furniture, Equipment & Machinery - Administration	16,370	16,370	249,113	5,112	270,595
166	Accumulated Depreciation	(2,188,749)	(2,188,749)	(1,968,729)	(1,163,153)	(5,320,631)
167	Construction in Progress	1,119,681	1,119,681	--	144,770	1,264,451
160	Total Capital Assets, Net of Accumulated Depreciation	2,195,553	2,195,553	803,235	463,897	3,462,685
180	Total Non-Current Assets	2,195,553	2,195,553	803,235	463,897	3,462,685
200	Deferred Outflow of Resources	155,667	155,667	485,423	170,740	811,830
290	Total Assets and Deferred Outflow of Resources	2,646,131	2,646,131	1,957,647	829,038	5,432,816
312	Accounts Payable <= 90 Days	23,531	23,531	14,392	20,120	58,043
321	Accrued Wage/Payroll Taxes Payable	--	--	--	7,205	7,205
322	Accrued Compensated Absences - Current Portion	5,344	5,344	10,209	7,881	23,434
333	Accounts Payable - Other Government	4,783	4,783	--	4,648	9,431
341	Tenant Security Deposits	--	--	11,791	--	11,791
342	Unearned Revenue	--	--	756	33,643	34,399
310	Total Current Liabilities	33,658	33,658	37,148	73,497	144,303
354	Accrued Compensated Absences - Non Current	3,700	3,700	17,399	3,067	24,166
357	Accrued Pension and OPEB Liabilities	304,726	304,726	1,002,960	335,850	1,643,536
350	Total Non-Current Liabilities	308,426	308,426	1,020,359	338,917	1,667,702

See Independent Auditors' Report

MAYNARD HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2022

FDS Line Item	Description	AMP 01	AMPs	N/C S/R Section 8 Programs	State/Local	Total
300	Total Liabilities	342,084	342,084	1,057,507	412,414	1,812,005
400	Deferred Inflow of Resources	47,210	47,210	175,270	50,520	273,000
508.4	Net Investment in Capital Assets	2,195,553	2,195,553	803,235	463,897	3,462,685
511.4	Restricted Net Position	--	--	66,134	--	66,134
512.4	Unrestricted Net Position	61,284	61,284	(144,499)	(97,793)	(181,008)
513	Total Equity - Net Assets / Position	2,256,837	2,256,837	724,870	366,104	3,347,811
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	2,646,131	2,646,131	1,957,647	829,038	5,432,816
70300	Net Tenant Rental Revenue	159,341	159,341	293,776	305,770	758,887
70500	Total Tenant Revenue	159,341	159,341	293,776	305,770	758,887
70600	HUD PHA Operating Grants	350,929	350,929	804,871	--	1,155,800
70700	Total Fee Revenue	--	--	--	--	--
70800	Other Government Grants	--	--	--	470,484	470,484
71100	Investment Income - Unrestricted	333	333	764	181	1,278
71500	Other Revenue	18,231	18,231	18,948	13,722	50,901
71600	Gain or Loss on Sale of Capital Assets	--	--	--	15,765	15,765
70000	Total Revenue	528,834	528,834	1,118,359	805,922	2,453,115
91100	Administrative Salaries	39,211	39,211	112,430	33,656	185,297
91200	Auditing Fees	--	--	--	3,780	3,780
91500	Employee Benefit contributions - Administrative	--	--	71,361	--	71,361
91700	Legal Expense	4,366	4,366	11,740	2,062	18,168
91800	Travel	538	538	554	538	1,630
91900	Other	24,405	24,405	51,969	32,477	108,851
91000	Total Operating - Administrative	68,520	68,520	248,054	72,513	389,087
92500	Total Tenant Services	--	--	--	--	--
93100	Water	79,776	79,776	49,220	87,912	216,908
93200	Electricity	8,756	8,756	33,351	40,353	82,460
93300	Gas	24,389	24,389	16,443	20,231	61,063
93000	Total Utilities	112,921	112,921	99,014	148,496	360,431

See Independent Auditors' Report

MAYNARD HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2022

FDS Line Item	Description	AMP 01	AMPs	N/C S/R Section 8 Programs	State/Local	Total
94100	Ordinary Maintenance and Operations - Labor	105,705	105,705	46,092	42,172	193,969
94200	Ordinary Maintenance and Operations - Materials and Other	40,223	40,223	23,978	19,448	83,649
94300	Ordinary Maintenance and Operations Contracts	37,503	37,503	17,823	15,527	70,853
94500	Employee Benefit Contributions - Ordinary Maintenance	40,669	40,669	55,687	32,544	128,900
94000	Total Maintenance	224,100	224,100	143,580	109,691	477,371
95000	Total Protective Services	--	--	--	--	--
96140	All Other Insurance	16,684	16,684	22,363	9,650	48,697
96100	Total insurance Premiums	16,684	16,684	22,363	9,650	48,697
96210	Compensated Absences	681	681	2,077	824	3,582
96300	Payments in Lieu of Taxes	4,783	4,783	--	--	4,783
96000	Total Other General Expenses	5,464	5,464	2,077	824	8,365
96710	Interest of Mortgage (or Bonds) Payable	--	--	876	--	876
96700	Total Interest Expense and Amortization Cost	--	--	876	--	876
96900	Total Operating Expenses	427,689	427,689	515,964	341,174	1,284,827
97000	Excess of Operating Revenue over Operating Expenses	101,145	101,145	602,395	464,748	1,168,288
97100	Extraordinary Maintenance	70,308	70,308	15,424	26,473	112,205
97300	Housing Assistance Payments	--	--	--	356,390	356,390
97400	Depreciation Expense	57,864	57,864	117,221	40,680	215,765
90000	Total Expenses	555,861	555,861	648,609	764,717	1,969,187
10010	Operating Transfer In	82,147	82,147	--	--	82,147
10020	Operating transfer Out	(82,147)	(82,147)	--	--	(82,147)
10100	Total Other financing Sources (Uses)	--	--	--	--	--
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(27,027)	(27,027)	469,750	41,205	483,928
11030	Beginning Equity	2,283,864	2,283,864	--	580,019	2,863,883
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	--	--	255,120	(255,120)	--
11190	Unit Months Available	384	384	672	996	2,052
11210	Number of Unit Months Leased	368	368	654	960	1,982

See Independent Auditors' Report

MAYNARD HOUSING AUTHORITY
STATEMENT OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Project:	MA01P137501-18	MA01P137501-19
Modernization Funds Approved	\$ 75,037	\$ 72,003
Modernization Funds Expended	<u>75,037</u>	<u>72,003</u>
Excess of Modernization Funds Approved	<u>\$ --</u>	<u>\$ --</u>
Modernization Funds Advanced	\$ 75,037	\$ 72,003
Modernization Funds Expended	<u>75,037</u>	<u>72,003</u>
Excess of Modernization Funds Advanced	<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

MAYNARD HOUSING AUTHORITY

STATEMENT OF ACTUAL MODERNIZATION COSTS – UNCOMPLETED

FOR THE YEAR ENDED DECEMBER 31, 2022

Project:	MA01P137501-21	MA01P137501-22
Modernization Funds Approved	\$ 84,628	\$ 102,145
Modernization Funds Expended	<u>84,241</u>	<u>--</u>
Excess of Modernization Funds Approved	<u>\$ 387</u>	<u>\$ 102,145</u>
Modernization Funds Advanced	\$ 84,241	\$ --
Modernization Funds Expended	<u>84,241</u>	<u>--</u>
Excess of Modernization Funds Advanced	<u>\$ --</u>	<u>\$ --</u>

See Independent Auditors' Report

MAYNARD HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance	Pass-Through		Total
	Listing	Entity Identifying	Provided to	Federal
	Number	Number	Sub-recipients	Expenditures
Department of Housing & Urban Development (HUD)				
Section 8 Project-Based Cluster				
Housing Assistance Payments Contract	14.195	--	--	804,871
Total Section 8 Project-Based Cluster			--	804,871
Public and Indian Housing	14.850	--	--	258,019
Public Housing Capital Fund (CFP)	14.872	--	--	92,910
Total Department of Housing & Urban Development			--	1,155,800
Total Expenditures of Federal Awards			\$ --	\$ 1,155,800

See Notes to the Schedule of Expenditures of Federal Awards

MAYNARD HOUSING AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Maynard Housing Authority, under programs of the federal government for the year ended December 31, 2022. 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 Maynard Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of Maynard Housing Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

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

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

To The Board of Commissioners
Maynard Housing Authority
Maynard, Massachusetts

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 Maynard Housing Authority as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Maynard Housing Authority's basic financial statements, and have issued our report thereon dated September 28, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Marcum LLP

Boston, Massachusetts
September 28, 2023

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

To The Board of Commissioners
Maynard Housing Authority
Maynard, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Maynard Housing Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Maynard Housing Authority's major federal program for the year ended December 31, 2022. The Maynard Housing Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Maynard Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Marcum LLP

Boston, Massachusetts
September 28, 2023

MAYNARD HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ☐ Yes ☒ No

FEDERAL AWARDS

Internal control over the major federal program:

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

Type of auditors' report issued on compliance for the major federal program: *Unmodified Opinion*

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

Identification of the major federal program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
---	--

14.195	Section 8 Project Based Cluster
--------	---------------------------------

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

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

MAYNARD HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No prior audit findings.

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

To The Board of Commissioners
Maynard Housing Authority
Maynard, Massachusetts

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

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

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

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

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

We were engaged to perform an audit in accordance with the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)*, by the Authority as of and for the year ended December 31, 2022 and have issued our reports thereon dated September 28, 2023. 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 September 28, 2023, was expressed in relation to the basic financial statements of the Authority taken as a whole.

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

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

Marcum LLP

Boston, Massachusetts
September 28, 2023