



ADDENDUM ONE

DATE: April 5, 2023
TO: All Respondents
FROM: Sheila Brown, Procurement/Contract Administrator
RE: **ADDENDUM #1 Questions and Answer**

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1. Please provide a complete copy of the 2 most recent audit reports including the Financial Data Schedules – Audited REAC Submittal.
MHA Response: See attached to this addendum.
 2. Are we permitted to contact the previous auditor? **MHA Response: Only if awarded the contract**
 3. Is the incumbent auditor an eligible bidder? **MHA Response: Yes**
 4. Were there any disagreements and/or contentions with the previous audit? **MHA Response: No**
 5. Were there significant adjustments made as a result of the prior audit? **MHA Response: No**
 6. We perform most audit work remotely and preschedule on-site activities over a predetermined number of consecutive days. Does this arrangement work? **MHA Response: Yes**
 7. In an effort to understand the level of effort currently exerted by the incumbent audit firm, please provide prior year audit's schedule of onsite auditors for fieldwork (i.e., 2 people for 3 days in February). **MHA Response: 5 days onsite**
 8. Are there any changes to the services requested in this RFP that were not included as part of the prior year's audit fees? **MHA Response: No**
 9. Has there been any significant changes in your operations, programs, or personnel recently? **MHA Response: No**
 10. What software do you use to prepare general ledgers and financial statements? **MHA Response: Yardi**
 11. When will the books be ready for the audit? **MHA Response: June 15**

12. When will the unadjusted financials be submitted to REAC? **MHA Response: On or before June 15th**
13. Should the price proposal be submitted separately from the proposal technical response? **MHA Response: See Section 3.2 Proposal Pricing/Cost of advertised RFP.**
14. Does the Authority have a contracted Fee Accountant / external accounting consultant? **MHA Response: No**
15. Will the award to eligible bidders be based on “lowest price” or “best value”? **MHA Response: This is a request for proposal (RFP), see Section 3.1 Tabbed Proposal Submittal**
16. How many Public Housing Units are administered? **MHA Response: 1048**
17. How many housing vouchers are administered? **MHA Response: 3093 tenant based vouchers and 98 ehv**
18. How many affordable housing units are administered? **MHA Response: 4 mixed finance properties and 418 units**
19. Provide a list of all programs and/or grants that are managed. **MHA Response: see prior year audit, attached to this addendum.**

We are grateful for your interest in doing business with our Agency and we look forward to receiving a proposal from your firm.

MONTGOMERY HOUSING AUTHORITY

**FINANCIAL STATEMENTS
MARCH 31, 2021**

With Independent Auditor's Report

MONTGOMERY HOUSING AUTHORITY
Montgomery, Alabama

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Montgomery Housing Authority
Montgomery, Alabama

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule related the post-employment benefit plan on pages 4 - 8 and 30 - 31, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Financial Data Schedules and Grant Status Schedule, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Financial Data Schedules, Grant Status Schedule, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Rubins & Company". The signature is written in black ink and is positioned to the right of the date and location text.

Bethesda, Maryland
December 15, 2021

**MONTGOMERY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2021**

The management of the Montgomery Housing Authority (MHA) offers this narrative overview and analysis of its audited financial statements for the fiscal year ended March 31, 2021. The goal is for the reader to better understand the MHA's financial activities and its overall financial position, and to show whether current year revenues covered current year expenses and the extent to which the MHA has invested its capital assets. We encourage readers to consider the information presented here in conjunction with MHA's audited financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the MHA exceed its liabilities as of March 31, 2021 by \$82,142,359 (Net Position).
- The MHA's net investment in capital assets as of March 31, 2021 was \$27,604,443.
- The MHA's total revenue for the fiscal year ended March 31, 2021 was \$35,651,416.
- The MHA's total expenses for the fiscal year ended March 31, 2021 were \$35,587,511. Therefore, MHA's total change in net position for FY21 equaled \$63,905.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following financial statements are included in this report:

- *Statement of Net Position* - reports the MHA current financial resources: its cash and other current assets, its current and noncurrent liabilities and comparing those two elements, the resulting net position of the MHA.
- *Statement of Revenue, Expenses, and Changes in Net Position* - reports the MHA's various revenue and expenses for MHA's fiscal year.
- *Statement of Cash Flows* - reports cash inflows and outflows for MHA's fiscal year.

**MONTGOMERY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2021**

ANALYSIS OF FINANCIAL STATEMENTS

Statement of Net Position

	<u>March 31,</u>			
	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Cash and Investments	\$ 28,314,567	\$ 25,253,888	\$ 3,060,679	12.12%
Other Current Assets	360,000	1,158,845	(798,845)	-68.93%
Capital Assets, Net	27,604,443	29,627,029	(2,022,586)	-6.83%
Noncurrent Assets	<u>30,353,794</u>	<u>29,795,428</u>	<u>558,366</u>	<u>1.87%</u>
TOTAL ASSETS	<u>\$ 86,632,804</u>	<u>\$ 85,835,190</u>	<u>\$ 797,614</u>	<u>0.93%</u>
Current Liabilities	\$ 1,153,569	\$ 1,607,582	\$ (454,013)	-28.24%
Noncurrent Liabilities	<u>3,336,876</u>	<u>2,149,154</u>	<u>1,187,722</u>	<u>55.26%</u>
TOTAL LIABILITIES	<u>4,490,445</u>	<u>3,756,736</u>	<u>733,709</u>	<u>19.53%</u>
Net Investment in Capital Assets	27,604,443	29,627,029	(2,022,586)	-6.83%
Restricted	271,580	-	271,580	N/A
Unrestricted	<u>54,266,336</u>	<u>52,451,425</u>	<u>1,814,911</u>	<u>3.46%</u>
TOTAL NET POSITION	<u>82,142,359</u>	<u>82,078,454</u>	<u>63,905</u>	<u>0.08%</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 86,632,804</u>	<u>\$ 85,835,190</u>	<u>\$ 797,614</u>	<u>0.93%</u>

Cash and investments increased by \$3,060,679 from March 31, 2020 to March 31, 2021 due to MHA's increased operating revenue in 2021 as compared to 2020.

The increase of \$558,366 in noncurrent assets is due to increases in notes receivable interests during the current year.

Current liabilities decreased \$454,013 from the previous year due to the Authority paying off the liabilities during the year.

The increase in unrestricted net position of \$1,814,911 is due to the items discussed below in analysis of the Statement of Revenues, Expenses and Changes in Net Position.

**MONTGOMERY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2021**

ANALYSIS OF STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

	Year Ending March 31,					
	2021		2020		\$ Change	% Change
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>		
Revenue						
Net Tenant Revenue	\$ 1,716,123	4.99%	\$ 1,926,527	5.50%	\$ (210,404)	-10.92%
HUD Operating Grants	31,917,563	92.81%	31,326,615	89.45%	590,948	1.89%
Other Operating Revenue	<u>755,381</u>	<u>2.20%</u>	<u>1,768,713</u>	<u>5.05%</u>	<u>(1,013,332)</u>	<u>-57.29%</u>
TOTAL REVENUE	<u>34,389,067</u>	<u>100.00%</u>	<u>35,021,855</u>	<u>100.00%</u>	<u>(632,788)</u>	<u>-1.81%</u>
Expenses						
Administration	5,042,253	15.02%	5,246,631	15.70%	(204,378)	-3.90%
Tenant Services	432,169	1.29%	360,753	1.08%	71,416	19.80%
Utilities	1,007,101	3.00%	978,181	2.93%	28,920	2.96%
Maintenance and Operations	3,438,077	10.24%	2,797,932	8.37%	640,145	22.88%
General	270,521	0.81%	853,742	2.56%	(583,221)	-68.31%
Insurance	512,787	1.53%	548,124	1.64%	(35,337)	-6.45%
Protective services	88,827	0.26%	42,170	0.13%	46,657	110.64%
Housing Assistance Payments	20,018,032	59.62%	19,717,112	59.01%	300,920	1.53%
Depreciation	<u>2,768,945</u>	<u>8.25%</u>	<u>2,866,377</u>	<u>8.58%</u>	<u>(97,432)</u>	<u>-3.40%</u>
TOTAL EXPENSES	<u>33,578,712</u>	<u>100.00%</u>	<u>33,411,022</u>	<u>100.00%</u>	<u>167,690</u>	<u>0.50%</u>
Operating Loss	810,355	2.41%	1,610,833	4.82%	(800,478)	-49.69%
Non Operating Revenue(Expenses)						
Investment Income	626,492	1.82%	621,907	1.78%	4,585	0.74%
Casualty losses	-	0.00%	(135,920)		135,920	
Capital Grants	635,857	1.85%	660,274	1.89%	(24,417)	-3.70%
Special Item	(2,008,799)	-5.84%	(1,107,070)	-3.16%	(901,729)	0.00%
CHANGE IN NET POSITION	63,905	0.19%	1,650,024	4.71%	(1,586,119)	-96.13%
Total Net Position - beginning	<u>82,078,454</u>		<u>80,428,430</u>		<u>1,650,024</u>	<u>2.05%</u>
Total Net Position - ending	<u>\$ 82,142,359</u>		<u>\$ 82,078,454</u>		<u>\$ 63,905</u>	<u>0.08%</u>

**MONTGOMERY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2021**

**ANALYSIS OF STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
(Continued)**

The MHA's tenant revenue decreased \$210,404 in fiscal year 2021 to \$1,716,123.

HUD operating and capital grant increased from \$31,326,615 in fiscal year 2020 to \$31,917,563 in fiscal year 2021, a net increase of \$590,948 primarily due to the increase of revenue received from HUD PHA grants for COVID-19 fund in the current year.

Administrative expenses decreased \$204,378 or 3.90% due to lower salary and benefit expenses in relation to FY2020.

Tenant expenses increased by \$71,416 in FY21 primarily due to higher tenant service salaries and other tenant expenses in relation to FY2020.

Protective Services increased by \$46,657 primarily due to higher other protective services expenses in the current year.

General expense decreased by \$583,221 primarily due to the mixed finance subsidy transfer classification in general expense category in the FY2021, which was in the administrative expenses in the FY2020.

Depreciation expense decreased by \$97,432 primarily due to the disposal of non-dwelling equipment in the FY2021.

BUDGETARY HIGHLIGHTS

The MHA adopts a consolidated annual operating budget for all programs. The budget for Low Rent Housing is adopted on the basis of accounting practices prescribed to by the U.S. Department of Housing and Urban Development. Program budgets for the Housing Assistance Payments (HAP) funds are approved by the U.S. Department of Housing and Urban Development on a basis consistent with the grant applications covering HAP Programs.

**MONTGOMERY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2021**

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

As of March 31, 2021, the MHA had \$27,604,443 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$2,022,586 during the fiscal year.

	2021	2020
Non-Depreciable Assets		
Land	\$ 6,108,635	\$ 6,073,635
Depreciable Assets		
Buildings and Improvements	64,776,970	64,141,113
Furniture and Equipment	1,695,103	2,100,631
Accumulated Depreciation	<u>(44,976,265)</u>	<u>(42,688,350)</u>
Total	<u>\$ 27,604,443</u>	<u>\$ 29,627,029</u>

Total additions were \$746,358. Significant addition relates to buildings and furniture and equipment. The disposal of the fully depreciated computers, software and vehicles caused the decrease of total depreciation expense. Depreciation expense totaled \$2,768,945.

The MHA has no long-term debt.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the MHA's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. Damon Duncan, Chief Executive Officer, Montgomery Housing Authority, 525 South Lawrence Street, Montgomery, Alabama, 36104.

MONTGOMERY HOUSING AUTHORITY
STATEMENT OF NET POSITION
March 31, 2021

ASSETS	<u>2021</u>
Current Assets:	
Cash and cash equivalents - unrestricted	\$ 26,638,242
Cash and cash equivalents - restricted for FSS escrow liability	467,252
Cash and cash equivalents - restricted for tenant security deposit liability	102,377
Investments - unrestricted	1,106,696
Receivables, net of allowance for doubtful accounts of \$80,561	151,479
Prepaid expenses	<u>208,521</u>
Total current assets	<u>28,674,567</u>
Noncurrent Assets:	
Notes receivable, net of current portion	30,353,794
Capital assets	72,580,708
Accumulated depreciation	<u>(44,976,265)</u>
Total noncurrent assets	<u>57,958,237</u>
TOTAL ASSETS	<u>\$ 86,632,804</u>
 LIABILITIES AND NET POSITION	
Current Liabilities:	
Accounts payable	\$ 349,487
Accrued payroll	414,423
Other current liabilities	135,325
Compensated absences, current	111,873
Unearned revenue	40,084
Tenant security deposits	<u>102,377</u>
Total current liabilities	<u>1,153,569</u>
Noncurrent Liabilities:	
Compensated absences, net of current	335,619
Other post-employment benefits	2,805,584
Tenant FSS escrow	<u>195,673</u>
Total noncurrent liabilities	<u>3,336,876</u>
Total liabilities	<u>4,490,445</u>
Net position:	
Invested in capital assets, net of related debt	27,604,443
Restricted net position	271,580
Unrestricted net position	<u>54,266,336</u>
Total net position	<u>82,142,359</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 86,632,804</u>

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

MONTGOMERY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
Year ended March 31, 2021

Operating Revenues	
HUD operating revenue	\$ 31,917,563
Tenant revenue	1,716,123
Other revenue	<u>755,381</u>
Total operating revenue	<u>34,389,067</u>
 Operating Expenses	
Administrative	5,042,253
Tenant services	432,169
Utilities	1,007,101
Maintenance and operations	3,438,077
Protective services	88,827
Insurance	512,787
General expenses	270,521
Housing assistance payments	20,018,032
Depreciation	<u>2,768,945</u>
Total operating expenses	<u>33,578,712</u>
Operating income	<u>810,355</u>
 Non Operating Revenues (Expenses)	
Investment income	<u>626,492</u>
Total non operating revenues	<u>626,492</u>
Income before capital contributions	1,436,847
HUD capital grants	635,857
Special item	<u>(2,008,799)</u>
Change in net position	63,905
Net position, beginning of year	<u>82,078,454</u>
Net position, end of year	<u>\$ 82,142,359</u>

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

MONTGOMERY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year ended March 31, 2021

Cash flows from operating activities:

Receipts from tenants/participants	\$ 31,754,738
Receipts from operating grants	2,466,417
Other receipts	781,866
Cash paid to vendors	(6,009,740)
Cash paid to employees and benefits for employees	(5,872,194)
Cash paid for housing assistance payments	<u>(20,018,032)</u>
Net cash flows provided by operating activities	<u>3,103,055</u>

Cash flows from capital and related financing activities:

Proceeds from capital grants	635,857
Acquisition of capital assets	<u>(746,359)</u>
Net cash flows provided by capital and related financing activities	<u>(110,502)</u>

Cash flows from investing activities:

Issuance of notes receivable	(1,931)
Interest income	<u>70,057</u>
Net cash flows used by investing activities	<u>68,126</u>

Net increase in cash	3,060,679
Cash and cash equivalents, beginning of year	<u>25,253,888</u>
Cash and cash equivalents, end of year	<u>\$ 28,314,567</u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT
OF CASH FLOWS TO THE STATEMENT OF NET POSITION**

Cash and cash equivalents - unrestricted	\$ 26,638,242
Cash and cash equivalents - restricted for FSS escrow liability	467,252
Cash and cash equivalents - restricted for tenant security deposit liability	102,377
Investments - unrestricted	<u>1,106,696</u>
Cash and cash equivalents per statement of net position	<u>\$ 28,314,567</u>

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

MONTGOMERY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year ended March 31, 2021

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 810,355
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Non cash items affecting OPEB	(2,008,799)
Depreciation	2,768,945
Changes in assets and liabilities:	
Receivables	719,787
Prepaid insurance	79,058
Accounts payable	263,034
Accrued liabilities	123,163
Other current liabilities	(495,370)
Other accrued liabilities	(238,125)
Other accrued OPEB	1,177,784
Tenant security deposits	(960)
Tenant FSS escrow	(60,276)
Unearned revenue	<u>(35,541)</u>
Net cash provided by operating activities	<u>\$ 3,103,055</u>

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

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Montgomery Housing Authority (the Authority) is a governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to low income and elderly persons. Most of the Authority's funding is provided by the United States Department of Housing and Urban Development (HUD). All programs of the Authority are included in these statements.

Reporting Entity

The Governmental Accounting Standards Board (GASB) has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under these criteria, the Authority is considered a *primary* government. It is a special-purpose government that has a separate governing body, is legally separate and is fiscally independent of other state or local governments. The Authority is not a component unit of Montgomery County, Alabama as the Board independently oversees the Authority's operations.

In determining how to define the reporting entity, management has considered all potential component units. The determination to include a component unit in the reporting entity was made by applying the criteria established by the GASB. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Separate financial records for the below component units can be obtained from the Authority.

Based on the application of these criteria, the Authority has the following blended component unit:

The Montgomery Affordable Housing Corporation

The Montgomery Affordable Housing Corporation (the Corporation) was formed in December 2011 as an Alabama Non-Profit Corporation. This entity was created as a single asset entity, originally created for the purpose of a tax credit application. The Corporation is a blended component unit due to the Authority's significant influence over the organization. There is no financial activity in this entity.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting and Measurement Focus

In accordance with uniform financial reporting standards for HUD programs, the financial statements of the Authority are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Based on criteria established by HUD, the Authority reports its operations under the governmental proprietary fund type (enterprise fund), which uses the accrual basis of accounting. The enterprise fund emphasizes the flow of economic resources measurement focus. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Revenues are recorded when they are earned, and expenses are recorded at the time liabilities are incurred.

For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than nonoperating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity on the accompanying statement of revenues, expenses and changes in net position.

Programs Administered by the Housing Authority

The accompanying basic financial statements include the activities of housing programs administered by the Authority. A summary of each significant program is provided below.

Public and Indian Housing (CFDA 14.850)

This program accounts for the projects owned by the Authority that are subsidized by HUD under an Annual Contributions Contract (ACC). The program collects operating subsidy from HUD and also collects rent from tenants. The purpose of public housing is to provide decent and affordable dwelling for lower-income families. The developments are owned and maintained by the Authority. The Authority has 10 AMPS: Riverside Heights, Cleveland Court/Parks Place, Tulane Court, Paterson Court, Trenholm Court, Gibbs Village East, Gibbs Village West, The Terrace, Victor Tulane Gardens, The Plaza at Centennial Hill, and Other Projects.

Public Housing Capital Fund (CFDA 14.872)

This program is used to account for the activities of the Authority's capital improvement program. The Authority has received several grants from HUD to make improvements to its public housing complexes and to pay for certain management improvements. The capital fund provides funds annually to the Authority for capital and management activities, including modernization and development of public housing.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Programs Administered by the Housing Authority (Continued)

Housing Choice Vouchers (CFDA 14.871)

Under this program the Authority administers contracts with independent landlords who own rental properties. Under this program, qualified applicants are issued vouchers which may be used by the applicants to obtain housing in the private rental market. The Authority subsidizes the family's rent through a Housing Assistance Payment, administered under an ACC with HUD, made to the landlord. HUD provides funding to enable the Authority to set the participant's rent at 30% of adjusted income. The Family and Self-Sufficiency (FSS) Program is associated with the Housing Choice Voucher Program.

Family Self-Sufficiency Program (CFDA 14.896)

This program provides grants to the housing authorities to support the salaries and training needs of FSS Program Coordinators. The FSS coordinators develop local strategies to connect participating families to public and private resources to increase their earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress towards economic independence and self-sufficiency.

Resident Opportunities and Supportive Services (ROSS) (CFDA 14.870)

This program provides public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.

Community Development Block Grant (CFDA 14.218)

This program represents pass-through monies from the City of Montgomery to provide funding for the development of additional affordable housing in the City of Montgomery.

Other Business Activities

These activities account for the operations of the various affordable housing initiatives of the Authority and the other resources received by the Authority that are not restricted by outside sources.

Central Office Cost Center

The Central Office Cost Center (COCC) is a business unit within the Authority that generates revenues from fee income and other business activities. The COCC consists of activities funded through these revenue sources.

Budgets

Budgets are prepared on an annual basis for each major program and are used as a management tool throughout the accounting cycle. Budgets are not, however, legally adopted nor required in the basic financial statement presentation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents – Restricted

Restricted cash and cash equivalents are segregated resources for tenant security deposits (\$102,377), and tenant family self-sufficiency (FSS) deposits (\$467,252) for the year ended March 31, 2021.

Capital Assets

Purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Buildings and equipment are carried at cost or estimated fair value and depreciated using a straight-line method of depreciation over their estimated useful lives as follows:

Land Improvements	15 Years
Building and Improvements	15-40 Years
Equipment	5-7 Years

Maintenance and repairs expenses of less than \$5,000 are expensed as incurred. Capital expenses of \$5,000 or more, with a useful life of greater than one year, are capitalized.

Compensated Absences

The Housing Authority allows permanent employees to accumulate the following compensated absences:

- Vacation time is earned at a rate of 4-7 hours per pay period for regular full-time employees with a maximum of 248-326 hours, depending on their years of service. Unused vacation time is paid out at termination.
- Sick pay is earned at a rate of 2 hours per pay period for 40 hours biweekly, 3 hours per pay period for 60 hours biweekly and 4 hours per pay period for 80 hours biweekly. Employees receive compensation at termination for one half of the earned, accrued, and unused sick leave at the current salary, up to a maximum of 360 hours.

The amount of accumulated benefits at March 31, 2021, was \$447,492 and is recorded as a liability in the applicable programs.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Total net position as of March 31, 2021, is classified into three components:

Net Investment in Capital Assets

This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction and improvements of those assets.

Restricted Net Position

This category consists of net position restricted in its use by (1) external groups such as granters, creditors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category includes all of the remaining net position that does not meet the definition of the other two categories.

Operating and Nonoperating Revenue and Expenses

The Authority recognizes operating revenue and expenses as a result of providing low-rent housing and other services. The principal operating revenues of the Authority consist of tenant rental charges, operating subsidies and grants and other revenue received from ancillary operations such as maintenance charges to tenants and similar operations. Operating expenses include the costs of operating the Authority owned housing complex, housing assistance payments to landlords, administrative expenses, and costs associated with providing program services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Government Operating Grants and Subsidies

The subsidies and operating grants received by the Authority from HUD under Annual Contributions Contracts are recorded as operating revenue in the period earned in accordance with GAAP.

Pursuant to the Annual Contributions Contract with HUD, the Authority receives an operating subsidy for its operation of the Public Housing Program.

The Housing Choice Vouchers Program Annual Contributions Contract with HUD provides for housing assistance payments to private owners of residential units on behalf of eligible low- or very low-income families. The program provides for such payments covering the difference between the maximum rental on a dwelling unit and the amount of rent contribution by the participating family plus related administrative expenses.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Eliminations

For financial reporting purposes, certain amounts are internal and are therefore eliminated. The following have been eliminated from the financial statements:

Interprogram Due to/from

In the normal course of operations, certain programs may pay for common costs or advance funds for operations that create interprogram receivables or payables. These interprogram receivables and payables normally offset and are eliminated for the presentation of the Authority as a whole.

Fee for Service

The Authority's COCC internally charges fees to the public housing developments and programs of the Authority. These charges may include management fees, bookkeeping fees and asset management fees and are eliminated for financial statement purposes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Authority is organized as a government and is exempt from taxation by the U.S. Internal Revenue Code. The Montgomery Affordable Housing Corporation is organized under the laws of the State of Alabama and exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and from state income tax under the provisions of the State of Alabama Code. Accordingly, the accompanying financial statements do not include any provisions for income taxes. HUD regulations and statutes authorize the Housing Authority to have deposits in checking accounts, certificates of deposit, money-market funds, United States government securities, and repurchase agreements fully collateralized by United States government securities.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

All cash deposits are carried at cost and are held by financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized. The Corporation participates in the Alabama SAFE Program. The Security for Alabama Funds Enhancement, or SAFE Program, is encompassed in Title 41, Chapter 14A, Code of Alabama 1975, as amended, to provide a uniform program for the security of public funds deposited with financial institutions in the State of Alabama that qualify to serve as depositories for public funds. The Program requires any bank or financial institution in the State of Alabama, accepting any deposits of public funds, to ensure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The law further provides for safeguarding of public deposits by requiring the entire pool and each participating financial institution to stand behind each deposit. Rules of the Program have been developed subject to the Administrative Procedures Act, whereby the public was given the opportunity to make comments prior to their adoption. The Rules provide the details of the Program.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority may not be able to recover the value of its deposits. As of March 31, 2021, the Authority's deposits were not exposed to custodial credit risk as the deposit balances were covered by FDIC insurance or collateral.

Investments

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy is to invest its funds in a manner which will provide the highest investment return with the maximum amount of security, while assuring the availability of cash for daily needs. As of March 31, 2021, the Authority's risk of changes in interest rates is minimal since the investments consist of non-negotiable certificates of deposits which have stated interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Authority's policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the United States of America. As of March 31, 2021, the Authority mitigated their exposure to credit risk by only investing in fully insured certificates of deposit.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority may not be able to recover the value of its investments. As of March 31, 2021, the Authority's investment was not exposed to custodial credit risk as the investment balance consists of certificates of deposit covered by FDIC insurance or collateral.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

3. NOTES RECEIVABLE

Notes receivable as of March 31, 2021, consisted of the following:

Description	March 31, 2021	Accrued Interest
Note receivable from Tulane Revitalization 1, LP, interest at 3.8%, compounding monthly, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on March 31, 2054.	\$ 6,786,155	\$ 2,302,785
Note receivable from Tulane Revitalization 1, LP, interest at 3.8%, compounding monthly, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on March 31, 2054.	2,628,751	976,972
Note receivable from Tulane Revitalization 1, LP, interest at 3.8%, compounding monthly, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on April 30, 2054.	1,662,379	589,151
Note receivable from Tulane Revitalization 2, LP, interest at 0%, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on October 31, 2056. Total amount available \$2,371,249.	2,371,249	-
Note receivable from Tulane Revitalization 2, LP, interest at 0%, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on October 31, 2056. Total amount available under the agreement is \$5,401,764.	5,401,764	-
Note Receivable from Columbus Square I, LLC, interest at 0%, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on June 30, 2058. Total amount available \$1,394,500.	1,394,500	-
Note Receivable from Columbus Square I, LLC, interest at 0%, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on June 30, 2058. Total amount available \$1,240,080.	1,240,080	-
Note Receivable from Columbus Square II, LLC, interest at 0%, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on June 30, 2060. Total amount available \$3,229,633.	3,229,633	-
Note Receivable from Columbus Square II, LLC, interest at 0%, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on June 30, 2060. Total amount available \$1,500,000.	1,500,000	-
Note Receivable from Columbus Square II, LLC, interest at 0%, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on June 30, 2060. Total amount available \$250,000.	<u>250,000</u>	<u>-</u>
Total	<u>\$26,464,511</u>	<u>\$ 3,868,908</u>

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

3. NOTES RECEIVABLE (Continued)

Notes receivable as of March 31, 2021, consisted of the following:

	Amount
Notes receivable - affiliates	\$ 26,464,511
Accrued interest on affiliate loans	3,868,908
Non current notes receivable - residents	<u>20,375</u>
Total notes receivable at March 31, 2021	<u>\$ 30,353,794</u>

4. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance		Balance
	<u>April 1, 2020</u>	<u>Additions</u>	<u>Dispositions</u>
	<u>March 31, 2021</u>		
Land	\$ 6,073,635	\$ 35,000	\$ -
Total assets not being depreciated	6,073,635	35,000	-
Buildings and improvements	64,141,113	635,857	-
Equipment	<u>2,100,631</u>	<u>75,502</u>	<u>(481,030)</u>
Total capital assets	72,315,379	746,359	(481,030)
Less accumulated depreciation	<u>(42,688,350)</u>	<u>(2,768,945)</u>	<u>481,030</u>
Net book value	<u>\$ 29,627,029</u>	<u>\$ (2,022,586)</u>	<u>\$ -</u>

On April 11, 2012, HUD approved the Authority's request to lease land to Tulane Revitalization 1, LP, via a long-term lease less than fair market value. The Authority has agreed to lease nine acres to Tulane Revitalization 1, LP for 78 years at a cost of \$100 per year. On November 1, 2014, the Authority entered into a shared facilities easement and agreement with Tulane Revitalization 2, LP. This agreement allowed the Authority to lease land via a long-term lease to Tulane Revitalization 2, LP.

On November 1, 2014, HUD approved the Authority's request to lease land to Tulane Revitalization 2, LP, via a long-term lease less than fair market value. The Authority has agreed to lease part of the Tulane Revitalization 1, LP land for 78 years at a cost of \$100 per year.

The historical cost of land under lease is \$834,628.

**MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021**

5. ACCOUNTS RECEIVABLE

At March 31, 2021, accounts receivable consist of:

	Amount
Accounts receivable - HUD	\$ 42,355
Accounts receivable - tenants	189,685
Allowance for doubtful accounts - tenants	<u>(80,561)</u>
Total:	<u>\$ 151,479</u>

The estimate of the allowance for doubtful accounts is based historical loss levels, and an analysis of the collectability of individual accounts.

6. LONG-TERM OBLIGATIONS

Details of the Housing Authority's long-term obligations are set forth below:

	Balance		Balance	Due Within	
	<u>April 1, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>March 31, 2021</u>	<u>One Year</u>
Compensated absences	\$ 354,873	\$ 92,619	\$ -	\$ 447,492	\$ 111,873
Tenant FSS escrows	255,949	-	(60,276)	195,673	-
Other Post-Employment Benefits	<u>1,783,661</u>	<u>1,021,923</u>	<u>-</u>	<u>2,805,584</u>	<u>-</u>
Long-term liabilities	<u>\$ 2,394,483</u>	<u>\$ 1,114,542</u>	<u>\$ (60,276)</u>	<u>\$ 3,448,749</u>	<u>\$ 111,873</u>

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

7. RETIREMENT PLAN

The Housing Authority has an employee defined contribution retirement plan with the Housing Agency Retirement Trust.

A defined contribution retirement plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual accounts are to be determined instead of specifying the amount of benefits the individual is to receive.

All full-time and regular employees are eligible and become fully vested after five years of participation in the plan. Employees are required to contribute 5.5% of their base salary and are able to contribute up to 10% of their base salary. Employee contributions totaled \$161,321 for the year ended March 31, 2021.

The Housing Authority is required to contribute 7.5% of an employee's base salary. The Housing Authority's actual contribution was \$234,657 for the year ended March 31, 2021. Total payroll expense for the Housing Authority was \$3,344,122.

8. POST-RETIREMENT HEALTHCARE BENEFITS

Plan Description

Generally accepted accounting principles require governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Revenues, Expenses and Changes in Net Position when a future retiree earns post-employment benefits, rather than when the employee uses the post-employment benefit. The post-employment benefit liability is recognized on the Statement of Net Position over time.

Benefits Provided

The Authority provides post-employment healthcare benefits for certain eligible retirees.

Employees Covered by Benefit Terms

<i>Inactive employees or beneficiaries currently receiving benefit payments</i>	20
<i>Inactive employees entitled to but not yet receiving benefit payments</i>	-
<i>Active Employees</i>	3
<i>Total Participants covered by OPEB Plan</i>	23

Total OPEB Liability

The Authority's total OPEB liability of \$2,805,584 was measured as of March 31, 2021 and was determined by an actuarial valuation as of March 31, 2021.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

8. POST-RETIREMENT HEALTHCARE BENEFITS (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the March 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rates	2.40%
Healthcare Cost Trend Rates:	
2020 - 2021 Trend	10.59%
2021 - 2022 Trend	9.50%
Decrement	0.50%
Ultimate Trend	5.00%
Year Ultimate Trend is Reached	2031
Salary Increases	2.00%

The discount rate was based on the index provided by Bond Buyer 20-Bond General Obligation Index based on the 20 year AA municipal bond rate as of March 31, 2021.

Mortality rates: SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Year 2006).

Changes in the Total OPEB Liability

	Fiscal Year Ending	
	<u>March 31, 2020</u>	<u>March 31, 2021</u>
OPEB Liability Beginning of Year	\$1,790,450	\$ 1,783,660
Changes for the Year		
Service Cost	4,980	7,753
Interest	66,378	70,952
Assumption Changes	-	413,333
Difference Between Actual and Expected Experience	-	817,028
Benefit payments	<u>(78,147)</u>	<u>(115,347)</u>
OPEB Liability End of Year	<u>\$1,783,661</u>	<u>\$2,977,379</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The March 31, 2021, valuation was prepared using a discount rate of 2.40%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability as March 31, 2021, would decrease to \$2,632,632 or by 11.6%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$3,396,195 or by 14.1%.

<u>Total OPEB Liability</u>	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Baseline</u>	<u>1% Increase</u>
March 31, 2021	\$3,396,195	\$2,977,379	\$2,632,632
March 31, 2022	\$3,337,748	\$2,937,243	\$2,606,251

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

8. POST-RETIREMENT HEALTHCARE BENEFITS (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The March 31, 2021, valuation was prepared using a trend rate of 10.59%. If the trend rate were 1% higher than was used in this valuation, the Total OPEB Liability would increase to \$3,394,293 or by 14.0%. If the trend rate were 1% lower than what was used in this valuation, the Total OPEB Liability as March 31, 2021, would decrease to \$2,627,287 or by 11.8%.

<u>Total OPEB Liability</u>	<u>Healthcare Cost Trend Rates</u>		
	<u>1% Decrease</u>	<u>Baseline</u>	<u>1% Increase</u>
March 31, 2021	\$2,627,287	\$2,977,379	\$3,394,293
March 31, 2022	\$2,577,959	\$2,937,243	\$3,365,145

OPEB Expense

The Authority recognized OPEB expense as follows:

	<u>March 31, 2021</u>	<u>March 31, 2022</u>
Service Cost	\$ 7,753	\$ 7,939
Interest	70,952	70,040
Amortization of Deferred Charges		
Difference between expected and actual experience	817,028	-
Changes of assumptions or other inputs	<u>413,333</u>	<u>-</u>
Net OPEB Expenses	<u>\$ 1,309,066</u>	<u>\$ 77,979</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At March 31, 2021, the Authority reported deferred outflows / (inflows) of resources related to OPEB from the following sources:

<u>Period</u>	<u>Actual vs. Expected</u>	<u>Attributed to</u>		
		<u>Assumption Changes</u>	<u>Plan Changes</u>	<u>Expensed Return on Investment</u>
March 31, 2021	\$817,028	\$413,333	-	-

For the year ended March 31, 2021, the amounts reported as deferred outflows of resources and deferred (inflows) of resources related to OPEB were recognized in OPEB expense as follows:

<u>Period</u>	<u>Actual vs. Expected</u>	<u>Amortization of</u>		
		<u>Assumption Changes</u>	<u>Plan Changes</u>	<u>Expensed Return on Investment</u>
March 31, 2021	\$817,028	\$413,333	-	-

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

9. COMMITMENTS AND CONTINGENCIES

Risk Management

The Housing Authority purchases commercial insurance with various deductibles and coverages to cover liability, property, workers' compensation, errors, omissions, and employee defalcation risk. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Legal

The Authority is party to various pending or threatened legal actions arising from the normal course of operations. Although the outcome of these actions is not presently determinable as of the date of the report, it is the Authority's opinion that any resulting liability is not expected to have a material effect on the Authority's financial position.

10. ECONOMIC DEPENDENCE

Federal Subsidies and Grants

Government grants require the fulfillment of certain conditions as set forth in laws, rules, regulations, and grant agreements. Failure to fulfill the conditions could result in the return of funds to grantors. The Authority's management believes that disallowances, if any, would be immaterial.

The Authority receives a substantial amount of its support from the federal government in the form of subsidies and grants. If a significant reduction in the level of this support were to occur, it may have an effect on the Authority's programs and activities. Revenue for the year ended March 31, 2021, was as follows:

	<u>Total Revenue</u>	<u>Revenue as a Percentage of Total Revenue</u>
Revenue from HUD		
Section 8 Housing Choice Voucher - HAP	\$ 22,969,073	65.58%
Section 8 Housing Choice Voucher - Administrative	856,213	2.44%
Section 8 Housing Choice Voucher - FSS	100,226	0.29%
Low-Rent Public Housing - Operating Subsidy	7,848,851	22.41%
Low-Rent Public Housing - Capital Grant	635,857	1.82%
Resident Opportunity and Self-Sufficiency Grant	<u>143,200</u>	<u>0.41%</u>
Total HUD funding	<u>32,553,420</u>	<u>92.94%</u>
Non-HUD Funding		
Low-Rent Public Housing - tenant revenue	1,716,123	4.90%
Fraud recovery	30,960	0.09%
Other revenue	<u>724,421</u>	<u>2.07%</u>
Total non-HUD funding	<u>2,471,504</u>	<u>7.06%</u>
Total revenue	<u>\$ 35,024,924</u>	<u>100.00%</u>

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

11. CURRENT AND FUTURE ACCOUNTING PRONOUNCEMENTS

The GASB has issued the following pronouncements that could affect the Authority's future financial reporting:

For the fiscal year ending March 31, 2021, due to COVID-19 pandemic GASB 95 was issued in May 2020 to relieve governments and other stakeholders on certain provisions/statements by postponing the effective dates by one year. The following statements below are affected, and the Authority is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

GASB Statement No. 87, Leases - In June 2017, the GASB issued GASB Statement No. 87, Leases. This Statement is to improve accounting and financial reporting for leases by governments. This Statement requires recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. With the COVID-19 relief, this Statement is effective for the Authority's fiscal year ending March 31, 2022.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period - In June 2018, the GASB issued GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expenditure/expense in the period in which the cost is incurred. As the Authority currently does not undertake the activities defined in this statement, there is no material effect on the financial statements.

GASB Statement No. 90, Majority Equity Interests – In August 2018, the GASB issued GASB Statement No. 90, Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. As the Authority currently does not have any material equity interests as defined in this statement, there is no material effect on the financial statements.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

11. CURRENT AND FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

GASB Statement No. 91, Conduit Debt Obligations - In May 2019, the GASB issued GASB Statement No. 91, Conduit Debt Obligations. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for the Authority's fiscal year March 31, 2023.

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance – As indicated previously, the primary objective of this GASB Statement 95 is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As detailed above, the Authority postponed the implementation dates of all GASB statements affected by this standard.

GASB routinely issues standards that are effective for future years. Management is currently evaluating the potential impact of those standards issued by GASB on the Authority for future years.

12. SPECIAL ITEMS

During year ended March 31, 2021, the Authority recorded costs related to demolition activities at AMP 6-Smilely Court in the amount of \$662,920 and the GASB 75 OPEB Retiree expense due to the change in assumptions and basis in the amount of \$1,345,879. Given the unusual and infrequent nature of this type of expenditure, these amounts are recorded as Special Items in the Statement of Revenues, Expenses and Changes in Net Position for the year ended March 31, 2021.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2021

13. COVID-19 PANDEMIC

Coronavirus Pandemic- In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. While the Authority's operation has experienced closures of its offices to the general public, the immediate financial impact to the Authority's operations has been minimized with the award of supplemental CARES Act operating funding in the amounts of \$856,213 for its Low-income Public Housing Program and \$819,538 for its Housing Choice Voucher Program. Future potential impacts may include disruptions or restrictions on employees' ability to work or the tenants' ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

14. SUBSEQUENT EVENTS

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through December 15, 2021, the date the financial statements were available to be issued, and noted no additional significant items to be disclosed.

MONTGOMERY HOUSING AUTHORITY
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS **

	Fiscal Year Ending			
	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
OPEB liability beginning of year	\$ 1,770,630	\$ 1,790,450	\$ 1,783,660	\$ 2,977,379
Changes for the year				
Service cost	4,627	4,980	7,753	7,939
Interest	67,413	66,377	70,952	70,040
Assumption changes	23,073	-	413,333	-
Difference between actual and expensed experience	-	-	817,028	-
Change in actuarial cost method	-	-	-	-
Benefit payments	(75,293)	(78,147)	(115,347)	(118,115)
OPEB liability end of year	<u>\$ 1,790,450</u>	<u>\$ 1,783,660</u>	<u>\$ 2,977,379</u>	<u>\$ 2,937,243</u>
Covered payroll	\$ 205,296	\$ 209,402	\$ 172,365	\$ 175,813
Total OPEB liability as a percentage of covered payroll	872.13%	851.79%	1727.37%	1670.66%

*** Only four years of information currently available. Additional data will be added in subsequent periods.*

MONTGOMERY HOUSING AUTHORITY
SUMMARY OF OPEB LIABILITIES - LAST 10 YEARS **
FISCAL YEARS 2019 - 2021

1 Net OPEB obligation reported under GASB 45 as of 3/31/2018	\$	1,322,926
2 Changes due to the implementation of GASB 75		
3 Reversal of superseded standard from prior year report		(1,322,926)
4 Recording total OPEB obligation (prior year report)		1,709,623
5 Service cost		-
6 Contributions		(68,414)
7 Interest @ 4%		67,017
8 Changes in assumption		353,036
9 Expected Net OPEB obligation	\$	2,061,262
10 Total OPEB liability, March 31, 2019 (PUC method)		<u>1,784,430</u>
11 Gain attributed to experience	\$	(276,832)
12 Gain attributed to change in method		<u>(13,800)</u>
13 Net OPEB liability at March 31, 2019	\$	<u>1,770,630</u>
14 Service cost		4,980
15 Interest @ 3.79%		66,377
16 Contributions		<u>(58,327)</u>
17 Net OPEB liability at March 31, 2020	\$	<u>1,783,660</u>
18 Service Cost		7,753
19 Interest @ 2.40%		70,952
20 Contributions		(115,347)
21 Changes in Assumptions		413,333
22 Expected Net OPEB Obligation, March 31, 2021	\$	2,160,351
23 Loss attributable to experience		817,028
24 Total OPEB Liability, March 31, 2021	\$	<u>2,977,379</u>
25 Fiduciary Net Position, March 31, 2021		-
26 Net OPEB Liability, March 31, 2021	\$	<u><u>2,977,379</u></u>

*** Only three years of information currently available, Additional data will be added in subsequent periods.*

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
March 31, 2021

	Low-Rent Public Housing 14.850	14.PHC Public Housing CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	1 Business Activities
ASSETS:				
CURRENT ASSETS:				
Cash:				
Cash - Unrestricted	\$ 12,514,517	\$ -	\$ -	\$ 10,332,676
Cash - Other Restricted	31,550	-	-	-
Cash - Tenant Security Deposits	102,377	-	-	-
Total Cash	12,648,444	-	-	10,332,676
Accounts and notes receivables:				
Accounts Receivable - HUD Other Projects	40,270	-	34	-
Accounts Receivable - Tenants	189,685	-	-	-
Allowance for Doubtful Accounts - Tenants	(80,561)	-	-	-
Total Receivables, Net	149,394	-	34	-
Other Current Assets:				
Investments - Unrestricted	928,348	-	-	178,348
Prepaid Expenses and Other Assets	77,984	-	-	-
TOTAL CURRENT ASSETS	13,804,170	-	34	10,511,024
NONCURRENT ASSETS:				
Capital Assets:				
Land	6,073,635	-	-	35,000
Buildings	64,764,654	-	-	-
Furniture, Equipment & Machinery - Dwellings	470,546	-	-	-
Furniture, Equipment & Machinery - Administration	969,316	-	-	-
Leasehold Improvements	12,316	-	-	-
Accumulated Depreciation	(44,753,717)	-	-	-
Total Capital Assets, Net	27,536,750	-	-	35,000
Notes, Loans and Mortgages Receivable - Non-Current	21,211,947	-	-	9,121,472
Notes, Loans and Mortgages Receivable - Non-Current - Past Due	20,375	-	-	-
TOTAL NONCURRENT ASSETS	48,769,072	-	-	9,156,472
TOTAL ASSETS	\$ 62,573,242	\$ -	\$ 34	\$ 19,667,496

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
March 31, 2021

	Low-Rent Public Housing 14.850	14.PHC Public Housing CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	1 Business Activities
LIABILITIES AND NET POSITION				
LIABILITIES:				
CURRENT LIABILITIES:				
Accounts Payable <= 90 Days	\$ 9,087	\$ -	\$ -	\$ -
Accrued Wage/Payroll Taxes Payable	51,858	-	-	4,533
Accrued Compensated Absences - Current Portion	63,608	-	-	3,313
Accounts Payable - HUD PHA Programs	284,363	-	-	-
Tenant Security Deposits	102,377	-	-	-
Unearned Revenue	40,084	-	-	-
Other Current Liabilities	135,325	-	-	-
Accrued Liabilities - Other	219,191	-	34	27,920
TOTAL CURRENT LIABILITIES	905,893	-	34	35,766
NONCURRENT LIABILITIES:				
Non-current Liabilities - Other	31,551	-	-	-
Accrued Compensated Absences - Non Current	190,824	-	-	9,939
Accrued Pension and OPEB Liabilities	2,026,125	-	-	-
TOTAL NONCURRENT LIABILITIES	2,248,500	-	-	9,939
TOTAL LIABILITIES	3,154,393	-	34	45,705
NET POSITION				
Net Investment in Capital Assets	27,536,750	-	-	35,000
Restricted Net Position	-	-	-	-
Unrestricted Net Position	31,882,099	-	-	19,586,791
TOTAL NET POSITION	59,418,849	-	-	19,621,791
TOTAL LIABILITIES AND NET POSITION	\$ 62,573,242	\$ -	\$ 34	\$ 19,667,496

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
March 31, 2021

	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	COCC	14.870 Resident Opportunity and Supportive Services
ASSETS:				
CURRENT ASSETS:				
Cash:				
Cash - Unrestricted	\$ -	\$ 1,375,092	\$ 2,415,957	\$ -
Cash - Other Restricted	-	435,702	-	-
Cash - Tenant Security Deposits	-	-	-	-
Total Cash	-	1,810,794	2,415,957	-
Accounts and notes receivables:				
Accounts Receivable - HUD Other Projects	-	-	-	2,051
Accounts Receivable - Tenants	-	-	-	-
Allowance for Doubtful Accounts -Tenants	-	-	-	-
Total Receivables, Net	-	-	-	2,051
Other Current Assets:				
Investments - Unrestricted	-	-	-	-
Prepaid Expenses and Other Assets	-	92,406	38,131	-
TOTAL CURRENT ASSETS	-	1,903,200	2,454,088	2,051
NONCURRENT ASSETS:				
Capital Assets:				
Land	-	-	-	-
Buildings	-	-	-	-
Furniture, Equipment & Machinery - Dwellings	-	-	-	-
Furniture, Equipment & Machinery - Administration	-	118,701	136,540	-
Leasehold Improvements	-	-	-	-
Accumulated Depreciation	-	(117,597)	(104,951)	-
Total Capital Assets, Net	-	1,104	31,589	-
Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-
Notes, Loans and Mortgages Receivable - Non-Current - Past Due	-	-	-	-
TOTAL NONCURRENT ASSETS	-	1,104	31,589	-
TOTAL ASSETS	\$ -	\$ 1,904,304	\$ 2,485,677	\$ 2,051

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
March 31, 2021

	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	COCC	14.870 Resident Opportunity and Supportive Services
LIABILITIES AND NET POSITION				
LIABILITIES:				
CURRENT LIABILITIES:				
Accounts Payable <= 90 Days	\$ -	\$ 29,813	\$ 26,224	\$ -
Accrued Wage/Payroll Taxes Payable	-	14,478	46,630	-
Accrued Compensated Absences - Current Portion	-	13,080	31,872	-
Accounts Payable - HUD PHA Programs	-	-	-	-
Tenant Security Deposits	-	-	-	-
Unearned Revenue	-	-	-	-
Other Current Liabilities	-	-	-	-
Accrued Liabilities - Other	-	13,523	34,205	2,051
TOTAL CURRENT LIABILITIES	-	70,894	138,931	2,051
NONCURRENT LIABILITIES:				
Non-current Liabilities - Other	-	164,122	-	-
Accrued Compensated Absences - Non Current	-	39,240	95,616	-
Accrued Pension and OPEB Liabilities	-	220,853	558,606	-
TOTAL NONCURRENT LIABILITIES	-	424,215	654,222	-
TOTAL LIABILITIES	-	495,109	793,153	2,051
NET POSITION				
Net Investment in Capital Assets	-	1,104	31,589	-
Restricted Net Position	-	271,580	-	-
Unrestricted Net Position	-	1,136,511	1,660,935	-
TOTAL NET POSITION	-	1,409,195	1,692,524	-
TOTAL LIABILITIES AND NET POSITION	\$ -	\$ 1,904,304	\$ 2,485,677	\$ 2,051

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
March 31, 2021

	Subtotal	Eliminations	Total
ASSETS:			
CURRENT ASSETS:			
Cash:			
Cash - Unrestricted	\$ 26,638,242	\$ -	\$ 26,638,242
Cash - Other Restricted	467,252	-	467,252
Cash - Tenant Security Deposits	102,377	-	102,377
Total Cash	27,207,871	-	27,207,871
Accounts and notes receivables:			
Accounts Receivable - HUD Other Projects	42,355	-	42,355
Accounts Receivable - Tenants	189,685	-	189,685
Allowance for Doubtful Accounts -Tenants	(80,561)	-	(80,561)
Total Receivables, Net	151,479	-	151,479
Other Current Assets:			
Investments - Unrestricted	1,106,696	-	1,106,696
Prepaid Expenses and Other Assets	208,521	-	208,521
TOTAL CURRENT ASSETS	28,674,567	-	28,674,567
NONCURRENT ASSETS:			
Capital Assets:			
Land	6,108,635	-	6,108,635
Buildings	64,764,654	-	64,764,654
Furniture, Equipment & Machinery - Dwellings	470,546	-	470,546
Furniture, Equipment & Machinery - Administration	1,224,557	-	1,224,557
Leasehold Improvements	12,316	-	12,316
Accumulated Depreciation	(44,976,265)	-	(44,976,265)
Total Capital Assets, Net	27,604,443	-	27,604,443
Notes, Loans and Mortgages Receivable - Non-Current	30,333,419	-	30,333,419
Notes, Loans and Mortgages Receivable - Non-Current - Past Due	20,375	-	20,375
TOTAL NONCURRENT ASSETS	57,958,237	-	57,958,237
TOTAL ASSETS	\$ 86,632,804	-	\$ 86,632,804

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
March 31, 2021

	Subtotal	Eliminations	Total
<hr/>			
LIABILITIES AND NET POSITION			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable <= 90 Days	\$ 65,124	\$ -	\$ 65,124
Accrued Wage/Payroll Taxes Payable	117,499	-	117,499
Accrued Compensated Absences - Current Portion	111,873	-	111,873
Accounts Payable - HUD PHA Programs	284,363	-	284,363
Tenant Security Deposits	102,377	-	102,377
Unearned Revenue	40,084	-	40,084
Other Current Liabilities	135,325	-	135,325
Accrued Liabilities - Other	296,924	-	296,924
TOTAL CURRENT LIABILITIES	1,153,569	-	1,153,569
NONCURRENT LIABILITIES:			
Non-current Liabilities - Other	195,673	-	195,673
Accrued Compensated Absences - Non Current	335,619	-	335,619
Accrued Pension and OPEB Liabilities	2,805,584	-	2,805,584
TOTAL NONCURRENT LIABILITIES	3,336,876	-	3,336,876
TOTAL LIABILITIES	4,490,445	-	4,490,445
NET POSITION			
Net Investment in Capital Assets	27,604,443	-	27,604,443
Restricted Net Position	271,580	-	271,580
Unrestricted Net Position	54,266,336	-	54,266,336
TOTAL NET POSITION	82,142,359	-	82,142,359
TOTAL LIABILITIES AND NET POSITION	\$ 86,632,804	\$ -	\$ 86,632,804

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
Year ended March 31, 2021

	Low-Rent Public Housing 14.850	14.PHC Public Housing CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	1 Business Activities
REVENUES:				
Net Tenant Rental Revenue	\$ 1,645,705	\$ -	\$ -	\$ -
Tenant Revenue - Other	70,418	-	-	-
Total Tenant Revenue	1,716,123	-	-	-
HUD PHA Operating Grants	7,848,851	856,213	100,226	-
Capital Grants	635,857	-	-	-
Management Fee	-	-	-	-
Asset Management Fee	-	-	-	-
Book Keeping Fee	-	-	-	-
Total Fee Revenue	-	-	-	-
Investment Income - Unrestricted	470,114	-	-	153,621
Fraud Recovery	-	-	-	-
Other Revenue	39,869	-	-	595,859
TOTAL REVENUES	10,710,814	856,213	100,226	749,480
EXPENSES:				
Administrative				
Administrative Salaries	281,618	460,453	-	100,272
Auditing Fees	7,602	-	-	-
Management Fee	1,585,590	-	-	-
Book-keeping Fee	89,678	-	-	-
Employee Benefit contributions - Administrative	99,362	82,882	-	21,521
Office Expenses	339,112	-	-	3,718
Legal Expense	9,403	-	-	301
Travel Expense	-	-	-	-
Other operating - administrative	422,627	142,636	-	58,328
Total Administrative Expense	2,834,992	685,971	-	184,140
Asset Management Fee	139,920	-	-	-
Tenant Services				
Tenant Services - Salaries	-	81,916	77,683	-
Employee Benefit Contributions - Tenant Services	-	24,875	22,006	-
Tenant Services - Other	5,803	63,451	537	-
Total Tenant Services	5,803	170,242	100,226	-
Utilities				
Water	661,905	-	-	-
Electricity	323,122	-	-	-
Gas	22,074	-	-	-
Total Utilities	1,007,101	-	-	-

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
Year ended March 31, 2021

	Low-Rent Public Housing 14.850	14.PHC Public Housing CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	1 Business Activities
EXPENSES (continued):				
Ordinary Maintenance and Operations				
Ordinary Maintenance and Operations - Labor	715,584	-	-	-
Ordinary Maintenance and Operations - Materials and Other	630,522	-	-	-
Ordinary Maintenance and Operations Contracts	1,702,582	-	-	-
Employee Benefit Contributions - Ordinary Maintenance	328,576	-	-	-
Total Maintenance	3,377,264	-	-	-
Protective Services				
Protective Services - Labor	654	-	-	-
Protective Services - Other	88,173	-	-	-
Total Protective Services	88,827	-	-	-
Insurance Premiums				
Property Insurance	226,841	-	-	-
Liability Insurance	156,083	-	-	-
Workmen's Compensation	40,750	-	-	-
All Other Insurance	3,591	-	-	-
Total insurance Premiums	427,265	-	-	-
General Expenses				
Other General Expenses	59,810	-	-	6,055
Compensated Absences	62,393	-	-	4,178
Bad debt - Tenant Rents	92,334	-	-	-
Total Other General Expenses	214,537	-	-	10,233
TOTAL OPERATING EXPENSES	8,095,709	856,213	100,226	194,373
EXCESS OPERATING REVENUE	2,615,105	-	-	555,107
Extraordinary Maintenance	60,813	-	-	-
Housing Assistance Payments	-	-	-	-
Depreciation Expense	2,745,507	-	-	-
Total Other Expenses	2,806,320	-	-	-
TOTAL EXPENSES	10,902,029	856,213	100,226	194,373
EXCESS OF REVENUE OVER EXPENSES	\$ (191,215)	\$ -	\$ -	\$ 555,107
Other Financing Sources				
Operating Transfer In	892,779	-	-	-
Operating Transfer Out	(892,779)	-	-	-
Special Items (Net Gain/Loss)	(1,616,908)	-	-	-
Inter Project Excess Cash Transfer In	(11,163)	-	-	-
Inter Project Excess Cash Transfer Out	11,163	-	-	-
Beginning Net Position	61,226,972	-	-	19,066,684
Ending Net Position	\$ 59,418,849	\$ -	\$ -	\$ 19,621,791

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
Year ended March 31, 2021

	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	COCC	14.870 Resident Opportunity and Supportive Services
REVENUES:				
Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -
Tenant Revenue - Other	-	-	-	-
Total Tenant Revenue	-	-	-	-
HUD PHA Operating Grants	819,539	22,149,534	-	143,200
Capital Grants	-	-	-	-
Management Fee	-	-	2,021,406	-
Asset Management Fee	-	-	139,920	-
Book Keeping Fee	-	-	362,063	-
Total Fee Revenue	-	-	2,523,389	-
Investment Income - Unrestricted	-	2,757	-	-
Fraud Recovery	-	30,960	-	-
Other Revenue	-	88,585	108	-
TOTAL REVENUES	819,539	22,271,836	2,523,497	143,200
EXPENSES:				
Administrative				
Administrative Salaries	362,656	124,987	973,034	-
Auditing Fees	-	19,852	3,965	-
Management Fee	-	435,816	-	-
Book-keeping Fee	-	272,385	-	-
Employee Benefit contributions - Administrative	71,226	67,552	222,764	-
Office Expenses	200,346	52,771	413,245	-
Legal Expense	-	11,591	100,845	-
Travel Expense	-	-	3,055	-
Other operating - administrative	177,171	109,423	97,935	-
Total Administrative Expense	811,399	1,094,377	1,814,843	-
Asset Management Fee	-	-	-	-
Tenant Services				
Tenant Services - Salaries	-	-	4,216	110,950
Employee Benefit Contributions - Tenant Services	-	-	323	29,253
Tenant Services - Other	8,140	-	19	2,997
Total Tenant Services	8,140	-	4,558	143,200
Utilities				
Water	-	-	-	-
Electricity	-	-	-	-
Gas	-	-	-	-
Total Utilities	-	-	-	-

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
Year ended March 31, 2021

	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	COCC	14.870 Resident Opportunity and Supportive Services
EXPENSES (continued):				
Ordinary Maintenance and Operations				
Ordinary Maintenance and Operations - Labor	-	-	-	-
Ordinary Maintenance and Operations - Materials and Other	-	-	-	-
Ordinary Maintenance and Operations Contracts	-	-	-	-
Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-
Total Maintenance	-	-	-	-
Protective Services				
Protective Services - Labor	-	-	-	-
Protective Services - Other	-	-	-	-
Total Protective Services	-	-	-	-
Insurance Premiums				
Property Insurance	-	-	3,987	-
Liability Insurance	-	34,031	-	-
Workmen's Compensation	-	11,435	36,069	-
All Other Insurance	-	-	-	-
Total insurance Premiums	-	45,466	40,056	-
General Expenses				
Other General Expenses	-	-	-	-
Compensated Absences	-	5,208	40,543	-
Bad debt - Tenant Rents	-	-	-	-
Total Other General Expenses	-	5,208	40,543	-
TOTAL OPERATING EXPENSES	819,539	1,145,051	1,900,000	143,200
EXCESS OPERATING REVENUE	-	21,126,785	623,497	-
Extraordinary Maintenance	-	-	-	-
Housing Assistance Payments	-	20,018,032	-	-
Depreciation Expense	-	4,617	18,821	-
Total Other Expenses	-	20,022,649	18,821	-
TOTAL EXPENSES	819,539	21,167,700	1,918,821	143,200
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ 1,104,136	\$ 604,676	\$ -
Other Financing Sources				
Operating Transfer In	-	-	-	-
Operating Transfer Out	-	-	-	-
Special Items (Net Gain/Loss)	-	(111,225)	(280,666)	-
Inter Project Excess Cash Transfer In	-	-	-	-
Inter Project Excess Cash Transfer Out	-	-	-	-
Beginning Net Position	-	416,284	1,368,514	-
Ending Net Position	\$ -	\$ 1,409,195	\$ 1,692,524	\$ -

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
Year ended March 31, 2021

	Subtotal	Eliminations	Total
REVENUES:			
Net Tenant Rental Revenue	\$ 1,645,705	\$ -	\$ 1,645,705
Tenant Revenue - Other	70,418	-	70,418
Total Tenant Revenue	1,716,123	-	1,716,123
HUD PHA Operating Grants	31,917,563	-	31,917,563
Capital Grants	635,857	-	635,857
Management Fee	2,021,406	(2,021,406)	-
Asset Management Fee	139,920	(139,920)	-
Book Keeping Fee	362,063	(362,063)	-
Total Fee Revenue	2,523,389	(2,523,389)	-
Investment Income - Unrestricted	626,492	-	626,492
Fraud Recovery	30,960	-	30,960
Other Revenue	724,421	-	724,421
TOTAL REVENUES	38,174,805	(2,523,389)	35,651,416
EXPENSES:			
Administrative			
Administrative Salaries	2,303,020	-	2,303,020
Auditing Fees	31,419	-	31,419
Management Fee	2,021,406	(2,021,406)	-
Book-keeping Fee	362,063	(362,063)	-
Employee Benefit contributions - Administrative	565,307	-	565,307
Office Expenses	1,009,192	-	1,009,192
Legal Expense	122,140	-	122,140
Travel Expense	3,055	-	3,055
Other operating - administrative	1,008,120	-	1,008,120
Total Administrative Expense	7,425,722	(2,383,469)	5,042,253
Asset Management Fee	139,920	(139,920)	-
Tenant Services			
Tenant Services - Salaries	274,765	-	274,765
Employee Benefit Contributions - Tenant Services	76,457	-	76,457
Tenant Services - Other	80,947	-	80,947
Total Tenant Services	432,169	-	432,169
Utilities			
Water	661,905	-	661,905
Electricity	323,122	-	323,122
Gas	22,074	-	22,074
Total Utilities	1,007,101	-	1,007,101

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
Year ended March 31, 2021

	Subtotal	Eliminations	Total
EXPENSES (continued):			
Ordinary Maintenance and Operations			
Ordinary Maintenance and Operations - Labor	715,584	-	715,584
Ordinary Maintenance and Operations - Materials and Other	630,522	-	630,522
Ordinary Maintenance and Operations Contracts	1,702,582	-	1,702,582
Employee Benefit Contributions - Ordinary Maintenance	328,576	-	328,576
Total Maintenance	3,377,264	-	3,377,264
Protective Services			
Protective Services - Labor	654	-	654
Protective Services - Other	88,173	-	88,173
Total Protective Services	88,827	-	88,827
Insurance Premiums			
Property Insurance	230,828	-	230,828
Liability Insurance	190,114	-	190,114
Workmen's Compensation	88,254	-	88,254
All Other Insurance	3,591	-	3,591
Total insurance Premiums	512,787	-	512,787
General Expenses			
Other General Expenses	65,865	-	65,865
Compensated Absences	112,322	-	112,322
Bad debt - Tenant Rents	92,334	-	92,334
Total Other General Expenses	270,521	-	270,521
	-	-	-
TOTAL OPERATING EXPENSES	13,254,311	(2,523,389)	10,730,922
	-	-	-
EXCESS OPERATING REVENUE	24,920,494	-	24,920,494
Extraordinary Maintenance	60,813	-	60,813
Housing Assistance Payments	20,018,032	-	20,018,032
Depreciation Expense	2,768,945	-	2,768,945
Total Other Expenses	22,847,790	-	22,847,790
TOTAL EXPENSES	36,102,101	2,523,389	33,578,712
EXCESS OF REVENUE OVER EXPENSES	\$ 2,072,704	\$ -	\$ 2,072,704
Other Financing Sources			
Operating Transfer In	892,779	(892,779)	-
Operating Transfer Out	(892,779)	892,779	-
Special Items (Net Gain/Loss)	(2,008,799)	-	(2,008,799)
Inter Project Excess Cash Transfer In	(11,163)	11,163	-
Inter Project Excess Cash Transfer Out	11,163	(11,163)	-
Beginning Net Position	82,078,454	-	82,078,454
Ending Net Position	\$ 82,142,359	\$ -	\$ 82,142,359

MONTGOMERY HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF ACTUAL FSS PROGRAM COSTS
March 31, 2021

FSS20AL3090

1 The actual program costs of Grant FSS20AL3090 are as follows:

Funds Approved	\$	109,800
Funds Expended		<u>109,800</u>
Excess of Funds Approved	\$	<u><u>-</u></u>
Funds Advanced	\$	109,800
Funds Expended		<u>109,800</u>
Excess of Funds Advanced	\$	<u><u>-</u></u>

2 There were no additions during the fiscal year.

3 The total program costs as stated on the final SF-425, Financial Report as submitted to HUD for approval is in agreement with the PHA's records.

4 All FSS Grant costs have been paid and all related liabilities have been discharged through payment.

MONTGOMERY HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS
March 31, 2021

AL09P006501-17

1 The actual program costs of Grant AL09P006501-17 are as follows:

Funds Approved	\$	3,427,611
Funds Expended		3,427,611
Excess of Funds Approved	\$	-
Funds Advanced	\$	3,427,611
Funds Expended		3,427,611
Excess of Funds Advanced	\$	-

2 There were no additions during the fiscal year.

3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval is in agreement with the PHA's records.

4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

6903 Rockledge Drive
Suite 300
Bethesda, MD 20817
301-564-3636



RUBINO

STRENGTH IN NUMBERS

1950 Old Gallows Road
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Montgomery Housing Authority
Montgomery, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Montgomery Housing Authority (the Authority), as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Rubins & Company". The signature is written in black ink and is positioned centrally below the "Purpose of this Report" section.

Bethesda, Maryland
December 15, 2021

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STRENGTH IN NUMBERS

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

Board of Commissioners
Montgomery Housing Authority
Montgomery, Alabama

Report on Compliance for Each Major Federal Program

We have audited Montgomery Housing Authority's (the Authority's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2021. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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


Report on Internal Control over Compliance

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

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

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

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



Bethesda, Maryland
December 15, 2021

MONTGOMERY HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2021

<u>Federal and State Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>		
Public and Indian Housing	14.850	\$ 5,315,419
Public and Indian Housing - CARES Act	14.PHC	856,213
Total Public and Indian Housing		<u>6,171,632</u>
Housing Choice Vouchers Program	14.871	22,149,534
Housing Choice Vouchers - CARES Act	14.HCC	819,539
Total Housing Choice Voucher Cluster		<u>22,969,073</u>
Resident Opportunity and Supportive Services (ROSS)	14.870	143,200
PIH Family Self Sufficiency Program	14.896	100,226
Public Housing Capital Fund Program	14.872	<u>3,169,289</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 32,553,420</u>

See Notes to the Schedule

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
March 31, 2021

NOTE 1 BASIS OF PRESENTATION

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

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

**MONTGOMERY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
March 31, 2021**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditors’ report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material Weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | None reported |
| 5. Type of auditors’ report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance? | No |
| 7. Identification of Major Programs: | |

Federal Grantor/Program Title

Federal
Assistance
Listing No.

Housing Choice Voucher Program	14.871	\$	22,969,073
Public and Indian Housing Program	14.850		6,171,632

- | | | |
|---|----|---------|
| 8. Dollar threshold used to distinguish between Type A and Type B programs: | \$ | 976,603 |
| 9. Auditee qualified as low-risk auditee under Uniform Guidance, section 530? | | Yes |

MONTGOMERY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
March 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

MONTGOMERY HOUSING AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
March 31, 2021

SECTION IV – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

SECTION V – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

MONTGOMERY HOUSING AUTHORITY

**FINANCIAL STATEMENTS
MARCH 31, 2022**

With Independent Auditor's Report

MONTGOMERY HOUSING AUTHORITY
Montgomery, Alabama

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Montgomery Housing Authority
Montgomery, Alabama

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Montgomery Housing Authority (the Authority), as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as March 31, 2022, and the changes in financial position and its cash flows 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to the post-employment benefit plan on pages 4 through 8 and 30 through 31 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 Authority's basic financial statements. The Financial Data Schedule, Schedule of Actual FSS Program Costs, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 Financial Data Schedule, Schedule of Actual FSS Program Costs, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style. The word "Rubins" is written in a large, elegant script, followed by an ampersand "&" and the word "Company" in a similar but slightly smaller script.

Bethesda, Maryland
December 13, 2022

**MONTGOMERY HOUSING AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
March 31, 2022**

The management of the Montgomery Housing Authority (MHA) offers this narrative overview and analysis of its audited financial statements for the fiscal year ended March 31, 2022. The goal is for the reader to better understand the MHA’s financial activities and its overall financial position, and to show whether current year revenues covered current year expenses and the extent to which the MHA has invested its capital assets. We encourage readers to consider the information presented here in conjunction with MHA’s audited financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the MHA exceed its liabilities as of March 31, 2022 by \$79,073,139 (Net Position).
- The MHA’s net investment in capital assets as of March 31, 2022 was \$26,730,246
- The MHA’s total revenue for the fiscal year ended March 31, 2022 was \$35,006,672.
- The MHA’s total expenses for the fiscal year ended March 31, 2022 were \$38,075,892. Therefore, MHA had a decrease in net position for FY22 of \$3,069,220.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following financial statements are included in this report:

- *Statement of Net Position* - reports the MHA current financial resources: its cash and other current assets, its current and noncurrent liabilities and comparing those two elements, the resulting net position of the MHA.
- *Statement of Revenue, Expenses, and Changes in Net Position* - reports the MHA’s various revenue and expenses for MHA’s fiscal year.
- *Statement of Cash Flows* - reports cash inflows and outflows for MHA’s fiscal year.

**MONTGOMERY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2022**

ANALYSIS OF FINANCIAL STATEMENTS

Statement of Net Position

	<u>March 31,</u>			
	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Cash and Investments	\$ 24,628,491	\$ 28,314,567	\$ (3,686,076)	-13.02%
Other Current Assets	1,892,789	360,000	1,532,789	425.77%
Capital Assets, Net	26,730,246	27,604,443	(874,197)	-3.17%
Noncurrent Assets	<u>30,915,477</u>	<u>30,353,794</u>	<u>561,683</u>	<u>1.85%</u>
TOTAL ASSETS	<u>\$ 84,167,003</u>	<u>\$ 86,632,804</u>	<u>\$ (2,465,801)</u>	<u>-2.85%</u>
Current Liabilities	\$ 1,622,006	\$ 1,153,569	\$ 468,437	40.61%
Noncurrent Liabilities	<u>3,471,858</u>	<u>3,336,876</u>	<u>134,982</u>	<u>4.05%</u>
TOTAL LIABILITIES	<u>5,093,864</u>	<u>4,490,445</u>	<u>603,419</u>	<u>13.44%</u>
Net Investment in Capital Assets	26,730,246	27,604,443	(874,197)	-3.17%
Restricted	254,070	271,580	(17,510)	N/A
Unrestricted	<u>52,088,823</u>	<u>54,266,336</u>	<u>(2,177,513)</u>	<u>-4.01%</u>
TOTAL NET POSITION	<u>79,073,139</u>	<u>82,142,359</u>	<u>(3,069,220)</u>	<u>-3.74%</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 84,167,003</u>	<u>\$ 86,632,804</u>	<u>\$ (2,465,801)</u>	<u>-2.85%</u>

Cash and investments decreased by \$3,686,076 from March 31, 2021 to March 31, 2022 due to MHA's decreased operating revenue and increased expenses in 2022 as compared to 2021.

The increase of \$561,683 in noncurrent assets is due to increases in notes receivable interests during the current year.

Current liabilities increased \$468,437 from the previous year due to the Authority incurring more liabilities during the year.

The decrease in unrestricted net position of \$2,177,513 is due to the items discussed below in analysis of the Statement of Revenues, Expenses and Changes in Net Position.

**MONTGOMERY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2022**

ANALYSIS OF STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

	Year Ending March 31,					
	2022		2021		\$ Change	% Change
	<u>Amount</u>	%	<u>Amount</u>	%		
Revenue						
Net Tenant Revenue	\$ 1,973,089	5.99%	\$ 1,716,123	4.99%	\$ 256,966	14.97%
HUD Operating Grants	30,710,134	93.20%	31,917,563	92.81%	(1,207,429)	-3.78%
Other Operating Revenue	<u>267,718</u>	<u>0.81%</u>	<u>755,381</u>	<u>2.20%</u>	<u>(487,663)</u>	<u>-64.56%</u>
TOTAL REVENUE	<u>32,950,941</u>	<u>100.00%</u>	<u>34,389,067</u>	<u>100.00%</u>	<u>(1,438,126)</u>	<u>-4.18%</u>
Expenses						
Administration	5,792,086	15.21%	5,042,253	15.02%	749,833	14.87%
Tenant Services	544,724	1.43%	432,169	1.29%	112,555	26.04%
Utilities	1,032,986	2.71%	1,007,101	3.00%	25,885	2.57%
Maintenance and Operations	4,928,714	12.94%	3,438,077	10.24%	1,490,637	43.36%
General	1,244,768	3.27%	270,521	0.81%	974,247	360.14%
Insurance	551,329	1.45%	512,787	1.53%	38,542	7.52%
Protective services	331,117	0.87%	88,827	0.26%	242,290	272.77%
Housing Assistance Payments	21,131,319	55.50%	20,018,032	59.62%	1,113,287	5.56%
Depreciation	<u>2,518,849</u>	<u>6.62%</u>	<u>2,768,945</u>	<u>8.25%</u>	<u>(250,096)</u>	<u>-9.03%</u>
TOTAL EXPENSES	<u>38,075,892</u>	<u>100.00%</u>	<u>33,578,712</u>	<u>100.00%</u>	<u>4,497,180</u>	<u>13.39%</u>
Operating Loss	(5,124,951)	-13.46%	810,355	2.41%	(5,935,306)	-732.43%
Non Operating Revenue(Expenses)						
Investment Income	599,273	1.82%	626,492	1.82%	(27,219)	-4.34%
Capital Grants	1,456,458	4.42%	635,857	1.85%	820,601	129.05%
Special Item	<u>-</u>	<u>-</u>	<u>(2,008,799)</u>	<u>(0)</u>	<u>2,008,799</u>	<u>-</u>
CHANGE IN NET POSITION	(3,069,220)	-9.31%	63,905	0.19%	(3,133,125)	-4902.79%
Total Net Position - beginning	<u>82,142,359</u>		<u>82,078,454</u>		<u>63,905</u>	<u>0.08%</u>
Total Net Position - ending	<u>\$ 79,073,139</u>		<u>\$ 82,142,359</u>		<u>\$ (3,069,220)</u>	<u>-3.74%</u>

**MONTGOMERY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2022**

ANALYSIS OF STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
(Continued)

The MHA's tenant revenue increased \$256,966 in fiscal year 2022 to \$1,973,089.

HUD operating and capital grant decreased from \$32,553,420 in fiscal year 2021 to \$32,166,592 in fiscal year 2022, a net decrease of \$386,828 primarily due to the decrease of revenue received from HUD PHA grants for COVID-19 fund in the prior year.

Administrative expenses increased \$749,833 or 14.87% due to increased salary and benefit expenses in relation to FY2021.

Tenant expenses increased by \$112,555 in FY22 primarily due to higher tenant service salaries and other tenant expenses in relation to FY21.

Maintenance and Operations expenses increased by \$1,490,637 in FY22 primarily due to maintenance resuming due to the end of the COVID-19 Pandemic causing an increase in expenses in relation to FY21.

Protective Services increased by \$242,290 primarily due to higher other protective services expenses in the current year.

General expense increased by \$974,247 primarily due to the mixed finance subsidy transfer classification in general expense category in the FY2021 and was now included for the full year for FY2022.

Depreciation expense decreased by \$250,096 primarily due to the disposal of non-dwelling equipment in the FY2022.

BUDGETARY HIGHLIGHTS

The MHA adopts a consolidated annual operating budget for all programs. The budget for Low Rent Housing is adopted on the basis of accounting practices prescribed to by the U.S. Department of Housing and Urban Development. Program budgets for the Housing Assistance Payments (HAP) funds are approved by the U.S. Department of Housing and Urban Development on a basis consistent with the grant applications covering HAP Programs.

**MONTGOMERY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2022**

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

As of March 31, 2022, the MHA had \$26,730,246 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$874,197 during the fiscal year.

	<u>2022</u>		<u>2021</u>
Non-Depreciable Assets			
Land	\$ 6,108,635	\$	6,108,635
Depreciable Assets			
Buildings and Improvements	65,869,283		64,776,970
Furniture and Equipment	1,505,301		1,695,103
Accumulated Depreciation	<u>(46,752,973)</u>		<u>(44,976,265)</u>
Total	<u>\$ 26,730,246</u>	<u>\$</u>	<u>27,604,443</u>

Net additions were \$902,511. Significant addition relates to buildings and furniture and equipment. The disposal of the fully depreciated computers, software and vehicles caused the decrease of total depreciation expense. Depreciation expense totaled \$2,518,849.

The MHA has no long-term debt.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the MHA's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Ms. Glynis Tanner, Acting President/CEO, Montgomery Housing Authority, 525 South Lawrence Street, Montgomery, Alabama, 36104.

MONTGOMERY HOUSING AUTHORITY
STATEMENT OF NET POSITION
March 31, 2022

ASSETS

Current Assets:

Cash and cash equivalents - unrestricted	\$	22,915,723
Cash and cash equivalents - restricted for FSS escrow liability		501,019
Cash and cash equivalents - restricted for tenant security deposit liability		105,053
Investments - unrestricted		1,106,696
Receivables, net of allowance for doubtful accounts of \$165,911		1,241,173
Prepaid expenses		651,616
Total current assets		26,521,280

Noncurrent Assets:

Notes receivable, net of current portion		30,915,477
Capital assets		73,483,219
Accumulated depreciation		(46,752,973)
Total noncurrent assets		57,645,723

TOTAL ASSETS	\$	84,167,003
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LIABILITIES AND NET POSITION

Current Liabilities:

Accounts payable	\$	427,454
Accrued payroll		215,177
Other current liabilities		582,493
Compensated absences, current		125,923
Unearned revenue		165,906
Tenant security deposits		105,053
Total current liabilities		1,622,006

Noncurrent Liabilities:

Compensated absences, net of current		377,765
Other post-employment benefits		2,937,243
Tenant FSS escrow		156,850
Total noncurrent liabilities		3,471,858
Total liabilities		5,093,864

Net position:

Invested in capital assets, net of related debt		26,730,246
Restricted net position		254,070
Unrestricted net position		52,088,823
Total net position		79,073,139

TOTAL LIABILITIES AND NET POSITION	\$	84,167,003
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The accompanying notes are an integral part of these financial statements.

MONTGOMERY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
Year ended March 31, 2022

Operating Revenues	
HUD operating revenue	\$ 30,710,134
Tenant revenue	1,973,089
Other revenue	<u>267,718</u>
Total operating revenue	<u>32,950,941</u>
 Operating Expenses	
Administrative	5,792,086
Tenant services	544,724
Utilities	1,032,986
Maintenance and operations	4,928,714
Protective services	331,117
Insurance	551,329
General expenses	1,244,768
Housing assistance payments	21,131,319
Depreciation	<u>2,518,849</u>
Total operating expenses	<u>38,075,892</u>
Operating income	<u>(5,124,951)</u>
 Non Operating Revenues (Expenses)	
Investment income	<u>599,273</u>
Total non operating revenues	<u>599,273</u>
Income before capital contributions	(4,525,678)
HUD capital grants	<u>1,456,458</u>
Change in net position	(3,069,220)
Net position, beginning of year	<u>82,142,359</u>
Net position, end of year	<u><u>\$ 79,073,139</u></u>

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

MONTGOMERY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year ended March 31, 2022

Cash flows from operating activities:

Receipts from tenants/participants	\$ 1,777,758
Receipts from operating grants	30,261,485
Other receipts	283,987
Cash paid to vendors	(8,823,225)
Cash paid to employees and benefits for employees	(5,531,850)
Cash paid for housing assistance payments	<u>(21,131,319)</u>
Net cash flows provided by operating activities	<u>(3,163,164)</u>

Cash flows from capital and related financing activities:

Proceeds from capital grants	1,100,419
Acquisition of capital assets	<u>(1,644,652)</u>
Net cash flows provided by capital and related financing activities	<u>(544,233)</u>

Cash flows from investing activities:

Interest income	<u>21,321</u>
Net cash flows used by investing activities	<u>21,321</u>

Net increase in cash	(3,686,076)
Cash and cash equivalents, beginning of year	<u>28,314,567</u>
Cash and cash equivalents, end of year	<u><u>\$ 24,628,491</u></u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT
OF CASH FLOWS TO THE STATEMENT OF NET POSITION**

Cash and cash equivalents - unrestricted	\$ 22,915,723
Cash and cash equivalents - restricted for FSS escrow liability	501,019
Cash and cash equivalents - restricted for tenant security deposit liability	105,053
Investments - unrestricted	<u>1,106,696</u>
Cash and cash equivalents per statement of net position	<u><u>\$ 24,628,491</u></u>

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

MONTGOMERY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year ended March 31, 2022

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ (5,124,951)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	2,518,849
Changes in assets and liabilities:	
Receivables	(717,386)
Prepaid expenses	(443,095)
Accounts payable	77,967
Accrued liabilities	62,777
Other current liabilities	447,168
Other accrued liabilities	(34,032)
Other post-employment benefits	(40,136)
Tenant security deposits	2,676
Tenant FSS escrow	(38,823)
Unearned revenue	<u>125,822</u>
Net cash provided by operating activities	<u>\$ (3,163,164)</u>

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

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Montgomery Housing Authority (the Authority) is a governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to low income and elderly persons. Most of the Authority's funding is provided by the United States Department of Housing and Urban Development (HUD). All programs of the Authority are included in these statements.

Reporting Entity

The Governmental Accounting Standards Board (GASB) has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under these criteria, the Authority is considered a *primary* government. It is a special-purpose government that has a separate governing body, is legally separate and is fiscally independent of other state or local governments. The Authority is not a component unit of either the City of Montgomery, Alabama or Montgomery County, Alabama as the Board independently oversees the Authority's operations.

In determining how to define the reporting entity, management has considered all potential component units. The determination to include a component unit in the reporting entity was made by applying the criteria established by the GASB. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Separate financial records for the below component units can be obtained from the Authority.

Based on the application of these criteria, the Authority has the following blended component unit:

The Montgomery Affordable Housing Corporation

The Montgomery Affordable Housing Corporation (the Corporation) was formed in December 2011 as an Alabama Non-Profit Corporation. This entity was created as a single asset entity, originally created for the purpose of a tax credit application. The Corporation is a blended component unit due to the Authority's significant influence over the organization. There is no financial activity in this entity.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting and Measurement Focus

In accordance with uniform financial reporting standards for HUD programs, the financial statements of the Authority are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Based on criteria established by HUD, the Authority reports its operations under the governmental proprietary fund type (enterprise fund), which uses the accrual basis of accounting. The enterprise fund emphasizes the flow of economic resources measurement focus. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Revenues are recorded when they are earned, and expenses are recorded at the time liabilities are incurred.

For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than nonoperating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity on the accompanying statement of revenues, expenses and changes in net position.

Programs Administered by the Housing Authority

The accompanying basic financial statements include the activities of housing programs administered by the Authority. A summary of each significant program is provided below.

Public and Indian Housing (Federal Assistance Listing Number 14.850)

This program accounts for the projects owned by the Authority that are subsidized by HUD under an Annual Contributions Contract (ACC). The program collects operating subsidy from HUD and also collects rent from tenants. The purpose of public housing is to provide decent and affordable dwelling for lower-income families. The developments are owned and maintained by the Authority. The Authority has 10 AMPS: Riverside Heights, Cleveland Court/Parks Place, Tulane Court, Paterson Court, Trenholm Court, Gibbs Village East, Gibbs Village West, The Terrace, Victor Tulane Gardens, The Plaza at Centennial Hill, and Other Projects.

Public Housing Capital Fund (Federal Assistance Listing Number 14.872)

This program is used to account for the activities of the Authority's capital improvement program. The Authority has received several grants from HUD to make improvements to its public housing complexes and to pay for certain management improvements. The capital fund provides funds annually to the Authority for capital and management activities, including modernization and development of public housing.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Programs Administered by the Housing Authority (Continued)

Housing Choice Vouchers (Federal Assistance Listing Number 14.871)

Under this program the Authority administers contracts with independent landlords who own rental properties. Under this program, qualified applicants are issued vouchers which may be used by the applicants to obtain housing in the private rental market. The Authority subsidizes the family's rent through a Housing Assistance Payment, administered under an ACC with HUD, made to the landlord. HUD provides funding to enable the Authority to set the participant's rent at 30% of adjusted income. The Family and Self-Sufficiency (FSS) Program is associated with the Housing Choice Voucher Program.

Family Self-Sufficiency Program (Federal Assistance Listing Number 14.896)

This program provides grants to the housing authorities to support the salaries and training needs of FSS Program Coordinators. The FSS coordinators develop local strategies to connect participating families to public and private resources to increase their earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress towards economic independence and self-sufficiency.

Resident Opportunities and Supportive Services (ROSS) (Federal Assistance Listing Number 14.870)

This program provides public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient.

Emergency Housing Vouchers (Federal Assistance Listing Number 14.EHV)

This program provides assistance to individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability.

Choice Neighborhoods Planning (Federal Assistance Listing Number 14.892)

Choice Neighborhoods Planning Grants support the development of comprehensive neighborhood revitalization plans.

Other Business Activities

These activities account for the operations of the various affordable housing initiatives of the Authority and the other resources received by the Authority that are not restricted by outside sources.

Central Office Cost Center

The Central Office Cost Center (COCC) is a business unit within the Authority that generates revenues from fee income and other business activities. The COCC consists of activities funded through these revenue sources.

Budgets

Budgets are prepared on an annual basis for each major program and are used as a management tool throughout the accounting cycle. Budgets are not, however, legally adopted nor required in the basic financial statement presentation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents – Restricted

Restricted cash and cash equivalents are segregated resources for tenant security deposits (\$105,053), and tenant family self-sufficiency (FSS) deposits (\$156,850) for the year ended March 31, 2022.

Capital Assets

Purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Buildings and equipment are carried at cost or estimated fair value and depreciated using a straight-line method of depreciation over their estimated useful lives as follows:

Land Improvements	15 Years
Building and Improvements	15-40 Years
Equipment	5-7 Years

Maintenance and repairs expenses of less than \$5,000 are expensed as incurred. Capital expenses of \$5,000 or more, with a useful life of greater than one year, are capitalized.

Compensated Absences

The Housing Authority allows permanent employees to accumulate the following compensated absences:

- Vacation time is earned at a rate of 4-7 hours per pay period for regular full-time employees with a maximum of 248-326 hours, depending on their years of service. Unused vacation time is paid out at termination.
- Sick pay is earned at a rate of 2 hours per pay period for 40 hours biweekly, 3 hours per pay period for 60 hours biweekly and 4 hours per pay period for 80 hours biweekly. Employees receive compensation at termination for one half of the earned, accrued, and unused sick leave at the current salary, up to a maximum of 360 hours.

The amount of accumulated benefits at March 31, 2022, was \$503,688 and is recorded as a liability in the applicable programs.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Total net position as of March 31, 2022, is classified into three components:

Net Investment in Capital Assets

This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction and improvements of those assets.

Restricted Net Position

This category consists of net position restricted in its use by (1) external groups such as granters, creditors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category includes all of the remaining net position that does not meet the definition of the other two categories.

Operating and Nonoperating Revenue and Expenses

The Authority recognizes operating revenue and expenses as a result of providing low-rent housing and other services. The principal operating revenues of the Authority consist of tenant rental charges, operating subsidies and grants and other revenue received from ancillary operations such as maintenance charges to tenants and similar operations. Operating expenses include the costs of operating the Authority owned housing complex, housing assistance payments to landlords, administrative expenses, and costs associated with providing program services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Government Operating Grants and Subsidies

The subsidies and operating grants received by the Authority from HUD under Annual Contributions Contracts are recorded as operating revenue in the period earned in accordance with GAAP.

Pursuant to the Annual Contributions Contract with HUD, the Authority receives an operating subsidy for its operation of the Public Housing Program.

The Housing Choice Vouchers Program Annual Contributions Contract with HUD provides for housing assistance payments to private owners of residential units on behalf of eligible low- or very low-income families. The program provides for such payments covering the difference between the maximum rental on a dwelling unit and the amount of rent contribution by the participating family plus related administrative expenses.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Eliminations

For financial reporting purposes, certain amounts are internal and are therefore eliminated. The following have been eliminated from the financial statements:

Interprogram Due to/from

In the normal course of operations, certain programs may pay for common costs or advance funds for operations that create interprogram receivables or payables. These interprogram receivables and payables normally offset and are eliminated for the presentation of the Authority as a whole.

Fee for Service

The Authority's COCC internally charges fees to the public housing developments and programs of the Authority. These charges may include management fees, bookkeeping fees and asset management fees and are eliminated for financial statement purposes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Authority is organized as a government and is exempt from taxation by the U.S. Internal Revenue Code. The Montgomery Affordable Housing Corporation is organized under the laws of the State of Alabama and exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and from state income tax under the provisions of the State of Alabama Code. Accordingly, the accompanying financial statements do not include any provisions for income taxes. HUD regulations and statutes authorize the Housing Authority to have deposits in checking accounts, certificates of deposit, money-market funds, United States government securities, and repurchase agreements fully collateralized by United States government securities.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

All cash deposits are carried at cost and are held by financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized. The Corporation participates in the Alabama SAFE Program. The Security for Alabama Funds Enhancement, or SAFE Program, is encompassed in Title 41, Chapter 14A, Code of Alabama 1975, as amended, to provide a uniform program for the security of public funds deposited with financial institutions in the State of Alabama that qualify to serve as depositories for public funds. The Program requires any bank or financial institution in the State of Alabama, accepting any deposits of public funds, to ensure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The law further provides for safeguarding of public deposits by requiring the entire pool and each participating financial institution to stand behind each deposit. Rules of the Program have been developed subject to the Administrative Procedures Act, whereby the public was given the opportunity to make comments prior to their adoption. The Rules provide the details of the Program.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority may not be able to recover the value of its deposits. As of March 31, 2022, the Authority's deposits were not exposed to custodial credit risk as the deposit balances were covered by FDIC insurance or collateral.

Investments

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy is to invest its funds in a manner which will provide the highest investment return with the maximum amount of security, while assuring the availability of cash for daily needs. As of March 31, 2022, the Authority's risk of changes in interest rates is minimal since the investments consist of non-negotiable certificates of deposits which have stated interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Authority's policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the United States of America. As of March 31, 2022, the Authority mitigated their exposure to credit risk by only investing in fully insured certificates of deposit.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority may not be able to recover the value of its investments. As of March 31, 2022, the Authority's investment was not exposed to custodial credit risk as the investment balance consists of certificates of deposit covered by FDIC insurance or collateral.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

3. NOTES RECEIVABLE

Notes receivable as of March 31, 2022, consisted of the following:

Description	March 31, 2022	Accrued Interest
Note receivable from Tulane Revitalization 1, LP, interest at 3.8%, compounding monthly, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on March 31, 2054.	\$ 6,786,155	\$ 2,654,244
Note receivable from Tulane Revitalization 1, LP, interest at 3.8%, compounding monthly, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on March 31, 2054.	2,628,751	1,116,401
Note receivable from Tulane Revitalization 1, LP, interest at 3.8%, compounding monthly, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on April 30, 2054.	1,662,379	676,215
Note receivable from Tulane Revitalization 2, LP, interest at 0%, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on October 31, 2056.	2,371,249	-
Note receivable from Tulane Revitalization 2, LP, interest at 0%, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on October 31, 2056.	5,401,764	-
Note Receivable from Columbus Square I, LLC, interest at 0%, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on June 30, 2058.	1,394,500	-
Note Receivable from Columbus Square I, LLC, interest at 0%, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on June 30, 2058.	1,240,080	-
Note Receivable from Columbus Square II, LLC, interest at 0%, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on June 30, 2060.	3,229,633	-
Note Receivable from Columbus Square II, LLC, interest at 0%, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on June 30, 2060.	1,500,000	-
Note Receivable from Columbus Square II, LLC, interest at 0%, annual payments are to be made in an amount dependent on net cash flows. Final payment is due on June 30, 2060.	250,000	-
Total	<u>\$26,464,511</u>	<u>\$ 4,446,860</u>

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

3. NOTES RECEIVABLE (Continued)

Notes receivable as of March 31, 2022, consisted of the following:

	Amount
Notes receivable - affiliates	\$ 26,464,511
Accrued interest on affiliate loans	4,446,860
Non current notes receivable - residents	<u>4,106</u>
Total notes receivable at March 31, 2022	<u>\$ 30,915,477</u>

4. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance April 1,2021	Additions	Dispositions	Balance March 31,2022
Land	\$ 6,108,635	\$ -	\$ -	\$ 6,108,635
Total assets not being depreciated	6,108,635	-	-	6,108,635
Buildings and improvements	64,776,970	1,092,313	-	65,869,283
Equipment	<u>1,695,103</u>	<u>552,339</u>	<u>(742,141)</u>	<u>1,505,301</u>
Total capital assets	72,580,708	1,644,652	(742,141)	73,483,219
Less accumulated depreciation	<u>(44,976,265)</u>	<u>(2,518,849)</u>	<u>742,141</u>	<u>(46,752,973)</u>
Net book value	<u>\$ 27,604,443</u>	<u>\$ (874,197)</u>	<u>\$ -</u>	<u>\$ 26,730,246</u>

On April 11, 2012, HUD approved the Authority's request to lease land to Tulane Revitalization 1, LP. via a long-term lease less than fair market value. The Authority has agreed to lease nine acres to Tulane Revitalization 1, LP for 78 years at a cost of \$100 per year. On November 1, 2014, the Authority entered into a shared facilities easement and agreement with Tulane Revitalization 2, LP. This agreement allowed the Authority to lease land via a long-term lease to Tulane Revitalization 2, LP.

On November 1, 2014, HUD approved the Authority's request to lease land to Tulane Revitalization 2, LP. via a long-term lease less than fair market value. The Authority has agreed to lease part of the Tulane Revitalization 1, LP land for 78 years at a cost of \$100 per year.

The historical cost of land under lease is \$834,628.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

5. ACCOUNTS RECEIVABLE

At March 31, 2022, accounts receivable consist of:

	Amount
Accounts receivable - HUD	\$ 937,141
Accounts Receivable - Miscellaneous	200,764.00
Accounts receivable - tenants	232,624
Allowance for doubtful accounts - tenants	<u>(165,911)</u>
Total	<u>\$ 1,241,173</u>

The estimate of the allowance for doubtful accounts is based historical loss levels, and an analysis of the collectability of individual accounts.

6. LONG-TERM OBLIGATIONS

Details of the Housing Authority's long-term obligations are set forth below:

	Balance		Increase	Decrease	Balance	Due Within
	<u>April 1, 2021</u>				<u>March 31, 2022</u>	<u>One Year</u>
Compensated absences	\$ 447,492	\$ 56,196	\$ -	\$ 503,688	\$ 125,923	
Tenant FSS escrows	195,673	-	(38,823)	156,850	-	
Other Post-Employment Benefits	<u>2,977,379</u>	<u>-</u>	<u>(40,136)</u>	<u>2,937,243</u>	<u>-</u>	
Long-term liabilities	<u>\$ 3,620,544</u>	<u>\$ 56,196</u>	<u>\$ (78,959)</u>	<u>\$ 3,597,781</u>	<u>\$ 125,923</u>	

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

7. RETIREMENT PLAN

The Housing Authority has a defined contribution retirement plan with the Housing Agency Retirement Trust.

A defined contribution retirement plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual accounts are to be determined instead of specifying the amount of benefits the individual is to receive.

All full-time and regular employees are eligible and become fully vested after five years of participation in the plan. Employees are required to contribute 5.5% of their base salary and are able to contribute up to 100% of their base salary. Employee contributions totaled \$208,847 for the year ended March 31, 2022.

The Housing Authority is required to contribute 7.5% of an employee's base salary. The Housing Authority's actual contribution was \$296,354 for the year ended March 31, 2022. Total payroll expense for the Housing Authority was \$3,798,216.

8. POST-RETIREMENT HEALTHCARE BENEFITS

Plan Description

Generally accepted accounting principles require governments to account for other post-employment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Revenues, Expenses and Changes in Net Position when a future retiree earns post-employment benefits, rather than when the employee uses the post-employment benefit. The post-employment benefit liability is recognized on the Statement of Net Position over time.

Benefits Provided

The Authority provides post-employment healthcare benefits for certain eligible retirees.

Employees Covered by Benefit Terms

<i>Inactive employees or beneficiaries currently receiving benefit payments</i>	20
<i>Inactive employees entitled to but not yet receiving benefit payments</i>	-
<i>Active Employees</i>	3
<i>Total Participants covered by OPEB Plan</i>	23

Total OPEB Liability

The Authority's total OPEB liability of \$2,937,243 was measured as of March 31, 2022 and was determined by an actuarial valuation as of April 1, 2021.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

8. POST-RETIREMENT HEALTHCARE BENEFITS (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the March 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rates	2.40%
Healthcare Cost Trend Rates:	
2020 - 2021 Trend	10.59%
2021 - 2022 Trend	9.50%
Decrement	0.50%
Ultimate Trend	5.00%
Year Ultimate Trend is Reached	2031
Salary Increases	2.00%

The discount rate was based on the index provided by Bond Buyer 20-Bond General Obligation Index based on the 20 year AA municipal bond rate as of March 31, 2021.

Mortality rates: SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Year 2006).

Changes in the Total OPEB Liability

	Fiscal Year Ending	
	<u>March 31, 2021</u>	<u>March 31, 2022</u>
OPEB Liability Beginning of Year	\$1,783,660	\$ 2,977,379
Changes for the Year		
Service Cost	7,753	7,939
Interest	70,952	70,040
Assumption Changes	413,333	-
Difference Between Actual and Expected Experience	817,023	-
Benefit payments	<u>(115,347)</u>	<u>(118,115)</u>
OPEB Liability End of Year	<u>\$2,977,379</u>	<u>\$2,937,243</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The March 31, 2022, valuation was prepared using a discount rate of 2.40%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability as March 31, 2022, would decrease to \$2,606,251 or by 11.3%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$3,337,748 or by 13.6%.

<u>Total OPEB Liability</u>	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Baseline</u>	<u>1% Increase</u>
March 31, 2021	\$3,396,195	\$2,977,379	\$2,632,632
March 31, 2022	\$3,337,748	\$2,937,243	\$2,606,251

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

8. POST-RETIREMENT HEALTHCARE BENEFITS (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The March 31, 2022, valuation was prepared using a trend rate of 10.59%. If the trend rate were 1% higher than was used in this valuation, the Total OPEB Liability would increase to \$3,365,145 or by 13.6%. If the trend rate were 1% lower than what was used in this valuation, the Total OPEB Liability as March 31, 2022, would decrease to \$2,577,959 or by 12.2%.

<u>Total OPEB Liability</u>	<u>Healthcare Cost Trend Rates</u>		
	<u>1% Decrease</u>	<u>Baseline</u>	<u>1% Increase</u>
March 31, 2021	\$2,627,287	\$2,977,379	\$3,394,293
March 31, 2022	\$2,577,959	\$2,937,243	\$3,365,145

OPEB Expense

The Authority recognized OPEB expense as follows:

	<u>March 31, 2021</u>	<u>March 31, 2022</u>
Service Cost	\$ 7,753	\$ 7,939
Interest	70,952	70,040
Amortization of Deferred Charges		
Difference between expected and actual experience	817,028	-
Changes of assumptions or other inputs	<u>413,333</u>	<u>-</u>
Net OPEB Expenses	<u>\$ 1,309,066</u>	<u>\$ 77,979</u>

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of March 31, 2022, there were no deferred outflows of deferred inflows of resources related to the OPEB plan.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

9. COMMITMENTS AND CONTINGENCIES

Risk Management

The Housing Authority purchases commercial insurance with various deductibles and coverages to cover liability, property, workers' compensation, errors, omissions, and employee defalcation risk. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Legal

The Authority is party to various pending or threatened legal actions arising from the normal course of operations. Although the outcome of these actions is not presently determinable as of the date of the report, it is the Authority's opinion that any resulting liability is not expected to have a material effect on the Authority's financial position.

10. ECONOMIC DEPENDENCE

Federal Subsidies and Grants

Government grants require the fulfillment of certain conditions as set forth in laws, rules, regulations, and grant agreements. Failure to fulfill the conditions could result in the return of funds to grantors. The Authority's management believes that disallowances, if any, would be immaterial.

The Authority receives a substantial amount of its support from the federal government in the form of subsidies and grants. If a significant reduction in the level of this support were to occur, it may have an effect on the Authority's programs and activities. Revenue for the year ended March 31, 2022, was as follows:

	Total Revenue	Revenue as a Percentage of Total Revenue
Revenue from HUD		
Section 8 Housing Choice Voucher - HAP	\$20,710,800	59%
Section 8 Housing Choice Voucher - Administrative	1,956,903	6%
Section 8 Housing Choice Voucher - Emergency Housing Vouchers	460,512	1%
Section 8 Housing Choice Voucher - FSS	121,257	0%
Low-Rent Public Housing - Operating Subsidy	7,032,529	20%
Low-Rent Public Housing - Capital Grant	1,456,458	4%
Choice Neighborhood Planning grant	203,510	1%
Resident Opportunity and Self-Sufficiency Grant	188,068	1%
Total HUD funding	32,130,037	92%
Non-HUD Funding		
Low-Rent Public Housing - tenant revenue	1,973,089	6%
Fraud recovery	36,370	0%
Interest Income	599,273	2%
Other government grants	36,555	0%
Other revenue	231,348	1%
Total non-HUD funding	2,876,635	8%
Total revenue	\$ 35,006,672	100%

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

11. CURRENT AND FUTURE ACCOUNTING PRONOUNCEMENTS

The following Governmental Accounting Standards Board (GASB) pronouncements became effective for the Authority during the year ended March 31, 2022:

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The adoption of this Statement had no material effect on the financial statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report* replaces the term Comprehensive Annual Financial Report with the term Annual Comprehensive Financial Report. The adoption of this Statement had no material effect on the financial statements.

The following pending GASB Pronouncements will be effective for the Authority in future years. The Authority is currently assessing the impact of these Statements:

GASB Statement No. 87, *Leases* establishes a single model for lease accounting based on the principal that leases are financings of the right to use an underlying asset. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 91, *Conduit Debt Obligations* will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020* will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The statement addresses a variety of topics and effective immediately except for those topics related to standards not yet effective. The Authority will adopt as required.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistence of authoritative literature. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods beginning after December 31, 2021. All other requirements of the statement are effective for reporting periods beginning after June 15, 2020.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* will improve financial reporting by establishing definitions of Public-Private and Public-Public Partnerships and Availability Payment Arrangements and by providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

11. CURRENT AND FUTURE ACCOUNTING PRONOUNCEMENTS (Continued)

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* will improve financial reporting by establishing definitions for Subscription-Based Information Technology Arrangements and by providing uniform guidance on accounting and financial reporting for transactions that meet that definition. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and supersession of GASB Statement No. 32* will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements of this statement are effective for fiscal years beginning after June 15, 2021.

GASB Statement No. 99, *Omnibus 2020* will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The statement addresses a variety of topics. The standard is effective as follows:

Provisions related to LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments are effective upon issuance.

Provisions related to leases, Public-Private and Public-Public Partnerships, and subscription-based information technology arrangements are effective for fiscal years beginning after June 15, 2022.

Provisions related to financial guarantees and the classification and reporting of derivative instruments are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences* updates the recognition, measurement, and disclosure guidance for compensated absences. The requirements of this statement are effective for fiscal years beginning after June 15, 2023.

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2022

12. COVID-19 PANDEMIC

Coronavirus Pandemic- The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Therefore, it is uncertain as to the full magnitude that the pandemic will have on the Authority's financial condition, liquidity, and the future results of operations. Management is actively monitoring the global situation and its impact on the Authority's financial condition, liquidity and operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations.

13. SUBSEQUENT EVENTS

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through December 13, 2022, the date the financial statements were available to be issued, and noted no additional significant items to be disclosed.

MONTGOMERY HOUSING AUTHORITY
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS **

	Fiscal Year Ending			
	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
OPEB liability beginning of year	\$ 1,770,630	\$ 1,790,450	\$ 1,783,660	\$ 2,977,379
Changes for the year				
Service cost	4,627	4,980	7,753	7,939
Interest	67,413	66,377	70,952	70,040
Assumption changes	23,073	-	413,333	-
Difference between actual and expensed experience	-	-	817,028	-
Change in actuarial cost method	-	-	-	-
Benefit payments	(75,293)	(78,147)	(115,347)	(118,115)
OPEB liability end of year	<u>\$ 1,790,450</u>	<u>\$ 1,783,660</u>	<u>\$ 2,977,379</u>	<u>\$ 2,937,243</u>
Covered payroll	\$ 205,296	\$ 209,402	\$ 172,365	\$ 175,813
Total OPEB liability as a percentage of covered payroll	872.13%	851.79%	1727.37%	1670.66%

*** Only four years of information currently available, Additional data will be added in subsequent periods.*

MONTGOMERY HOUSING AUTHORITY
SUMMARY OF OPEB LIABILITIES - LAST 10 YEARS **
FISCAL YEARS 2019 - 2022

1	Net OPEB obligation reported under GASB 45 as of 3/31/2018	\$ 1,322,926
2	Changes due to the implementation of GASB 75	
3	Reversal of superseded standard from prior year report	(1,322,926)
4	Recording total OPEB obligation (prior year report)	1,709,623
5	Service cost	-
6	Benefit payments	(68,414)
7	Interest @ 4%	67,017
8	Changes in assumption	<u>353,036</u>
9	Expected Net OPEB obligation	2,061,262
10	Total OPEB liability, March 31, 2019 (PUC method)	<u>1,784,430</u>
11	Gain attributed to experience	(276,832)
12	Gain attributed to change in method	<u>(13,800)</u>
13	Net OPEB liability at March 31, 2019	<u>\$ 1,770,630</u>
14	Service cost	4,980
15	Interest @ 3.79%	66,377
16	Benefit payments	<u>(58,327)</u>
17	Net OPEB liability at March 31, 2020	<u>\$ 1,783,660</u>
18	Service Cost	7,753
19	Interest @ 2.40%	70,952
20	Benefit payments	(115,347)
21	Changes in Assumptions	<u>413,333</u>
22	Expected Net OPEB Obligation, March 31, 2021	2,160,351
23	Loss attributable to experience	817,028
24	Net OPEB Liability, March 31, 2021	<u>\$ 2,977,379</u>
25	Service cost	7,939
26	Interest @ 3.79%	70,040
27	Benefit payments	<u>(118,115)</u>
28	Net OPEB liability at March 31, 2020	<u><u>\$ 2,937,243</u></u>

*** Only four years of information currently available. Additional data will be added in subsequent periods.*

MONTGOMERY HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF ACTUAL FSS PROGRAM COSTS
March 31, 2022

FSS21AL3969

1 The actual program costs of Grant FSS21AL3969 are as follows:

Funds Approved	\$	109,800
Funds Expended		<u>109,800</u>
Excess of Funds Approved	\$	<u><u>-</u></u>
Funds Advanced	\$	109,800
Funds Expended		<u>109,800</u>
Excess of Funds Advanced	\$	<u><u>-</u></u>

2 There were no additions during the fiscal year.

3 The total program costs as stated on the final SF-425, Financial Report as submitted to HUD for approval is in agreement with the PHA's records.

4 All FSS Grant costs have been paid and all related liabilities have been discharged through payment.

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
March 31, 2022

	Low-Rent Public Housing 14.850	14.PHC Public Housing CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Vouchers
ASSETS:							
CURRENT ASSETS:							
Cash:							
Cash - Unrestricted	\$ 10,264,486	\$ -	\$ -	\$ 9,876,593	\$ -	\$ 760,056	\$ -
Cash - Other Restricted	36,976	-	-	-	-	249,894	214,149
Cash - Tenant Security Deposits	105,053	-	-	-	-	-	-
Total Cash	10,406,515	-	-	9,876,593	-	1,009,950	214,149
Accounts and notes receivables:							
Accounts Receivable - HUD Other Projects	396,309	-	-	-	-	344,800	-
Accounts Receivable - Other Government	-	-	-	-	-	-	-
Accounts Receivable - Miscellaneous	-	-	-	200,764	-	-	-
Accounts Receivable - Tenants	232,624	-	-	-	-	-	-
Allowance for Doubtful Accounts -Tenants	(165,911)	-	-	-	-	-	-
Total Receivables, Net	463,022	-	-	200,764	-	344,800	-
Other Current Assets:							
Investments - Unrestricted	928,348	-	-	178,348	-	-	-
Prepaid Expenses and Other Assets	388,720	-	-	-	-	120,287	-
TOTAL CURRENT ASSETS	12,186,605	-	-	10,255,705	-	1,475,037	214,149
NONCURRENT ASSETS:							
Capital Assets:							
Land	6,073,635	-	-	35,000	-	-	-
Buildings	65,856,967	-	-	-	-	-	-
Furniture, Equipment & Machinery - Dwellings	902,722	-	-	-	-	-	-
Furniture, Equipment & Machinery - Administration	337,056	-	-	-	-	76,842	-
Leasehold Improvements	12,316	-	-	-	-	-	-
Accumulated Depreciation	(46,587,114)	-	-	-	-	(76,474)	-
Total Capital Assets, Net	26,595,582	-	-	35,000	-	368	-
Notes, Loans and Mortgages Receivable - Non-Current	21,654,575	-	-	9,260,902	-	-	-
TOTAL NONCURRENT ASSETS	48,250,157	-	-	9,295,902	-	368	-
TOTAL ASSETS	\$ 60,436,762	\$ -	\$ -	\$ 19,551,607	\$ -	\$ 1,475,405	\$ 214,149

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
March 31, 2022

	Low-Rent Public Housing 14.850	14.PHC Public Housing CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Vouchers
LIABILITIES AND NET POSITION							
LIABILITIES:							
CURRENT LIABILITIES:							
Accounts Payable <= 90 Days	\$ 218,848	\$ -	\$ -	\$ 47,258	\$ -	\$ 36,625	\$ -
Accrued Wage/Payroll Taxes Payable	72,645	-	-	3,134	-	16,696	-
Accrued Compensated Absences - Current Portion	69,849	-	-	4,121	-	12,607	-
Tenant Security Deposits	105,053	-	-	-	-	-	-
Unearned Revenue	75,808	-	-	-	-	-	90,098
Other Current Liabilities	381,729	-	-	-	-	-	-
Accrued Liabilities - Other	81,834	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	1,005,766	-	-	54,513	-	65,928	90,098
NONCURRENT LIABILITIES:							
Non-current Liabilities - Other	36,975	-	-	-	-	119,875	-
Accrued Compensated Absences - Non Current	209,546	-	-	12,362	-	37,821	-
Accrued Pension and OPEB Liabilities	2,085,393	-	-	-	-	241,846	-
TOTAL NONCURRENT LIABILITIES	2,331,914	-	-	12,362	-	399,542	-
TOTAL LIABILITIES	3,337,680	-	-	66,875	-	465,470	90,098
NET POSITION							
Net Investment in Capital Assets	26,595,582	-	-	35,000	-	368	-
Restricted Net Position	-	-	-	-	-	130,019	124,051
Unrestricted Net Position	30,503,500	-	-	19,449,732	-	879,548	-
TOTAL NET POSITION	57,099,082	-	-	19,484,732	-	1,009,935	124,051
TOTAL LIABILITIES AND NET POSITION	\$ 60,436,762	\$ -	\$ -	\$ 19,551,607	\$ -	\$ 1,475,405	\$ 214,149

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
March 31, 2022

	COCC	14,870 Resident Opportunity and Supportive Services	State/Local	14,892 Choice Neighborhood Planning Grnats	Subtotal	Eliminations	Total
ASSETS:							
CURRENT ASSETS:							
Cash:							
Cash - Unrestricted	\$ 2,014,588	\$ -	\$ -	\$ -	\$ 22,915,723	\$ -	\$ 22,915,723
Cash - Other Restricted	-	-	-	-	501,019	-	501,019
Cash - Tenant Security Deposits	-	-	-	-	105,053	-	105,053
Total Cash	2,014,588	-	-	-	23,521,795	-	23,521,795
Accounts and notes receivables:							
Accounts Receivable - HUD Other Projects	-	9,263	-	186,769	937,141	-	937,141
Accounts Receivable - Other Government	-	-	36,555	-	36,555	-	36,555
Accounts Receivable - Miscellaneous	-	-	-	-	200,764	-	200,764
Accounts Receivable - Tenants	-	-	-	-	232,624	-	232,624
Allowance for Doubtful Accounts -Tenants	-	-	-	-	(165,911)	-	(165,911)
Total Receivables, Net	-	9,263	36,555	186,769	1,241,173	-	1,241,173
Other Current Assets:							
Investments - Unrestricted	-	-	-	-	1,106,696	-	1,106,696
Prepaid Expenses and Other Assets	142,609	-	-	-	651,616	-	651,616
TOTAL CURRENT ASSETS	2,157,197	9,263	36,555	186,769	26,521,280	-	26,521,280
NONCURRENT ASSETS:							
Capital Assets:							
Land	-	-	-	-	6,108,635	-	6,108,635
Buildings	-	-	-	-	65,856,967	-	65,856,967
Furniture, Equipment & Machinery - Dwellings	-	-	-	-	902,722	-	902,722
Furniture, Equipment & Machinery - Administration	188,681	-	-	-	602,579	-	602,579
Leasehold Improvements	-	-	-	-	12,316	-	12,316
Accumulated Depreciation	(89,385)	-	-	-	(46,752,973)	-	(46,752,973)
Total Capital Assets, Net	99,296	-	-	-	26,730,246	-	26,730,246
Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	30,915,477	-	30,915,477
TOTAL NONCURRENT ASSETS	99,296	-	-	-	57,645,723	-	57,645,723
TOTAL ASSETS	\$ 2,256,493	\$ 9,263	\$ 36,555	\$ 186,769	\$ 84,167,003	\$ -	\$ 84,167,003

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
March 31, 2022

	COCC	14.870 Resident Opportunity and Supportive Services	State/Local	14.892 Choice Neighborhood Planning Grnats	Subtotal	Eliminations	Total
LIABILITIES AND NET POSITION							
LIABILITIES:							
CURRENT LIABILITIES:							
Accounts Payable <= 90 Days	\$ 102,163	\$ -	\$ -	\$ 22,560	\$ 427,454	\$ -	\$ 427,454
Accrued Wage/Payroll Taxes Payable	31,605	-	-	-	124,080	-	124,080
Accrued Compensated Absences - Current Portion	39,346	-	-	-	125,923	-	125,923
Tenant Security Deposits	-	-	-	-	105,053	-	105,053
Unearned Revenue	-	-	-	-	165,906	-	165,906
Other Current Liabilities	-	-	36,555	164,209	582,493	-	582,493
Accrued Liabilities - Other	-	9,263	-	-	91,097	-	91,097
TOTAL CURRENT LIABILITIES	173,114	9,263	36,555	186,769	1,622,006	-	1,622,006
NONCURRENT LIABILITIES:							
Non-current Liabilities - Other	-	-	-	-	156,850	-	156,850
Accrued Compensated Absences - Non Current	118,036	-	-	-	377,765	-	377,765
Accrued Pension and OPEB Liabilities	610,004	-	-	-	2,937,243	-	2,937,243
TOTAL NONCURRENT LIABILITIES	728,040	-	-	-	3,471,858	-	3,471,858
TOTAL LIABILITIES	901,154	9,263	36,555	186,769	5,093,864	-	5,093,864
NET POSITION							
Net Investment in Capital Assets	99,296	-	-	-	26,730,246	-	26,730,246
Restricted Net Position	-	-	-	-	254,070	-	254,070
Unrestricted Net Position	1,256,043	-	-	-	52,088,823	-	52,088,823
TOTAL NET POSITION	1,355,339	-	-	-	79,073,139	-	79,073,139
TOTAL LIABILITIES AND NET POSITION	\$ 2,256,493	\$ 9,263	\$ 36,555	\$ 186,769	\$ 84,167,003	\$ -	\$ 84,167,003

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
Year ended March 31, 2022

	Low-Rent Public Housing 14.850	14.PHC Public Housing CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Vouchers
REVENUES:							
Net Tenant Rental Revenue	\$ 1,876,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tenant Revenue - Other	96,415	-	-	-	-	-	-
Total Tenant Revenue	<u>1,973,089</u>	-	-	-	-	-	-
HUD PHA Operating Grants	7,032,529	-	121,257	-	-	22,667,703	460,512
Capital Grants	1,456,458	-	-	-	-	-	-
Management Fee	-	-	-	-	-	-	-
Asset Management Fee	-	-	-	-	-	-	-
Book Keeping Fee	-	-	-	-	-	-	-
Total Fee Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Government Grants	-	-	-	-	-	-	-
Investment Income - Unrestricted	444,545	-	-	152,825	-	347	-
Fraud Recovery	-	-	-	-	-	36,370	-
Other Revenue	126,893	-	-	13,180	-	89,374	-
TOTAL REVENUES	<u>11,033,514</u>	<u>-</u>	<u>121,257</u>	<u>166,005</u>	<u>-</u>	<u>22,793,794</u>	<u>460,512</u>
EXPENSES:							
Administrative							
Administrative Salaries	710,119	-	-	142,042	-	451,063	59,210
Auditing Fees	14,315	-	-	-	-	33,624	-
Management Fee	1,357,804	-	-	-	-	438,708	2,292
Book-keeping Fee	91,544	-	-	-	-	274,193	1,433
Employee Benefit contributions - Administrative	332,375	-	-	32,887	-	198,049	20,725
Office Expenses	368,684	-	-	23,072	-	336,893	-
Legal Expense	3,287	-	-	-	-	25,129	-
Travel Expense	-	-	-	-	-	-	-
Other operating - administrative	129,801	-	-	56,355	-	362,781	-
Total Administrative Expense	<u>3,007,929</u>	<u>-</u>	<u>-</u>	<u>254,356</u>	<u>-</u>	<u>2,120,440</u>	<u>83,660</u>
Asset Management Fee	142,920	-	-	-	-	-	-
Tenant Services							
Tenant Services - Salaries	72,729	-	99,330	-	-	-	-
Relocation Costs	-	-	-	-	-	-	71,402
Employee Benefit Contributions - Tenant Services	27,159	-	21,427	-	-	-	-
Tenant Services - Other	49,452	-	500	-	-	-	10,000
Total Tenant Services	<u>149,340</u>	<u>-</u>	<u>121,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,402</u>
Utilities							
Water	670,357	-	-	-	-	-	-
Electricity	343,409	-	-	-	-	-	-
Gas	19,220	-	-	-	-	-	-
Total Utilities	<u>1,032,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
Year ended March 31, 2022

	Low-Rent Public Housing 14.850	14.PHC Public Housing CARES Act Funding	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.HCC HCV CARES Act Funding	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Vouchers
EXPENSES (continued):							
Ordinary Maintenance and Operations							
Ordinary Maintenance and Operations - Labor	915,141	-	-	-	-	-	-
Ordinary Maintenance and Operations - Materials and Other	706,885	-	-	-	-	-	-
Ordinary Maintenance and Operations Contracts	2,425,677	-	-	-	-	-	-
Employee Benefit Contributions - Ordinary Maintenance	457,418	-	-	-	-	-	-
Total Maintenance	4,505,121	-	-	-	-	-	-
Protective Services							
Protective Services - Labor	83,988	-	-	-	-	-	-
Protective Services - Other Contract Costs	180,287	-	-	40,990	-	-	-
Employee Benefit Contributions - Protective Services	13,546	-	-	-	-	-	-
Total Protective Services	277,821	-	-	40,990	-	-	-
Insurance Premiums							
Property Insurance	252,421	-	-	-	-	77,708	-
Liability Insurance	124,068	-	-	-	-	-	-
Workmen's Compensation	28,614	-	-	-	-	15,456	-
All Other Insurance	3,628	-	-	-	-	-	-
Total insurance Premiums	408,731	-	-	-	-	93,164	-
General Expenses							
Other General Expenses	678,254	-	-	1,800	-	-	-
Compensated Absences	74,186	-	-	5,918	-	18,794	-
Bad debt - Tenant Rents	159,349	-	-	-	-	-	-
Total Other General Expenses	911,789	-	-	7,718	-	18,794	-
TOTAL OPERATING EXPENSES	10,436,637	-	121,257	303,064	-	2,232,398	165,062
EXCESS OPERATING REVENUE	596,877	-	-	(137,059)	-	20,561,396	295,450
Extraordinary Maintenance	422,108	-	-	-	-	-	-
Housing Assistance Payments	-	-	-	-	-	20,959,920	171,399
Depreciation Expense	2,494,536	-	-	-	-	736	-
Total Other Expenses	2,916,644	-	-	-	-	20,960,656	171,399
TOTAL EXPENSES	13,353,281	-	121,257	303,064	-	23,193,054	336,461
EXCESS OF REVENUE OVER EXPENSES	\$ (2,319,767)	\$ -	\$ -	\$ (137,059)	\$ -	\$ (399,260)	\$ 124,051
Other Financing Sources							
Operating Transfer In	1,317,504	-	-	-	-	-	-
Operating Transfer Out	(1,317,504)	-	-	-	-	-	-
Inter Project Excess Cash Transfer In	22,635	-	-	-	-	-	-
Inter Project Excess Cash Transfer Out	(22,635)	-	-	-	-	-	-
Beginning Net Position	59,418,849	-	-	19,621,791	-	1,409,195	-
Ending Net Position	\$ 57,099,082	\$ -	\$ -	\$ 19,484,732	\$ -	\$ 1,009,935	\$ 124,051

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
Year ended March 31, 2022

	COCC	14.870 Resident Opportunity and Supportive Services	State/Local	14.892 Choice Neighborhood Planning Grnats	Subtotal	Eliminations	Total
REVENUES:							
Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ 1,876,674	\$ -	\$ 1,876,674
Tenant Revenue - Other	-	-	-	-	96,415	-	96,415
Total Tenant Revenue	-	-	-	-	1,973,089	-	1,973,089
HUD PHA Operating Grants	-	188,068	-	203,510	30,673,579	-	30,673,579
Capital Grants	-	-	-	-	1,456,458	-	1,456,458
Management Fee	1,798,804	-	-	-	1,798,804	(1,798,804)	-
Asset Management Fee	142,920	-	-	-	142,920	(142,920)	-
Book Keeping Fee	367,170	-	-	-	367,170	(367,170)	-
Total Fee Revenue	2,308,894	-	-	-	2,308,894	(2,308,894)	-
Other Government Grants	-	-	36,555	-	36,555	-	36,555
Investment Income - Unrestricted	1,556	-	-	-	599,273	-	599,273
Fraud Recovery	-	-	-	-	36,370	-	36,370
Other Revenue	1,901	-	-	-	231,348	-	231,348
TOTAL REVENUES	2,312,351	188,068	36,555	203,510	37,315,566	(2,308,894)	35,006,672
EXPENSES:							
Administrative							
Administrative Salaries	1,335,942	-	-	-	2,698,376	-	2,698,376
Auditing Fees	3,810	-	-	-	51,749	-	51,749
Management Fee	-	-	-	-	1,798,804	(1,798,804)	-
Book-keeping Fee	-	-	-	-	367,170	(367,170)	-
Employee Benefit contributions - Administrative	361,009	-	-	-	945,045	-	945,045
Office Expenses	429,527	-	-	-	1,158,176	-	1,158,176
Legal Expense	207,402	-	-	-	235,818	-	235,818
Travel Expense	31,532	-	-	-	31,532	-	31,532
Other operating - administrative	122,453	-	-	-	671,390	-	671,390
Total Administrative Expense	2,491,675	-	-	-	7,958,060	(2,165,974)	5,792,086
Asset Management Fee	-	-	-	-	142,920	(142,920)	-
Tenant Services							
Tenant Services - Salaries	4,326	125,220	-	-	301,605	-	301,605
Relocation Costs	-	-	-	-	71,402	-	71,402
Employee Benefit Contributions - Tenant Services	331	33,427	-	-	82,344	-	82,344
Tenant Services - Other	-	29,421	-	-	89,373	-	89,373
Total Tenant Services	4,657	188,068	-	-	544,724	-	544,724
Utilities							
Water	-	-	-	-	670,357	-	670,357
Electricity	-	-	-	-	343,409	-	343,409
Gas	-	-	-	-	19,220	-	19,220
Total Utilities	-	-	-	-	1,032,986	-	1,032,986

MONTGOMERY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
Year ended March 31, 2022

	COCC	14.870 Resident Opportunity and Supportive Services	State/Local	14.892 Choice Neighborhood Planning Grnats	Subtotal	Eliminations	Total
EXPENSES (continued):							
Ordinary Maintenance and Operations							
Ordinary Maintenance and Operations - Labor	-	-	-	-	915,141	-	915,141
Ordinary Maintenance and Operations - Materials and Other	-	-	-	-	706,885	-	706,885
Ordinary Maintenance and Operations Contracts	1,485	-	-	-	2,427,162	-	2,427,162
Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	457,418	-	457,418
Total Maintenance	1,485	-	-	-	4,506,606	-	4,506,606
Protective Services							
Protective Services - Labor	4,361	-	-	-	88,349	-	88,349
Protective Services - Other Contract Costs	7,611	-	-	-	228,888	-	228,888
Employee Benefit Contributions - Protective Services	334	-	-	-	13,880	-	13,880
Total Protective Services	12,306	-	-	-	331,117	-	331,117
Insurance Premiums							
Property Insurance	5,474	-	-	-	335,603	-	335,603
Liability Insurance	-	-	-	-	124,068	-	124,068
Workmen's Compensation	43,960	-	-	-	88,030	-	88,030
All Other Insurance	-	-	-	-	3,628	-	3,628
Total insurance Premiums	49,434	-	-	-	551,329	-	551,329
General Expenses							
Other General Expenses	10,738	-	36,555	203,510	930,857	-	930,857
Compensated Absences	55,664	-	-	-	154,562	-	154,562
Bad debt - Tenant Rents	-	-	-	-	159,349	-	159,349
Total Other General Expenses	66,402	-	36,555	203,510	1,244,768	-	1,244,768
TOTAL OPERATING EXPENSES	2,625,959	188,068	36,555	203,510	16,312,510	(2,308,894)	14,003,616
EXCESS OPERATING REVENUE	(313,608)	-	-	-	21,003,056	-	21,003,056
Extraordinary Maintenance	-	-	-	-	422,108	-	422,108
Housing Assistance Payments	-	-	-	-	21,131,319	-	21,131,319
Depreciation Expense	23,577	-	-	-	2,518,849	-	2,518,849
Total Other Expenses	23,577	-	-	-	24,072,276	-	24,072,276
TOTAL EXPENSES	2,649,536	188,068	36,555	203,510	40,384,786	2,308,894	38,075,892
EXCESS OF REVENUE OVER EXPENSES	\$ (337,185)	\$ -	\$ -	\$ -	\$ (3,069,220)	\$ -	\$ (3,069,220)
Other Financing Sources							
Operating Transfer In	-	-	-	-	1,317,504	(1,317,504)	-
Operating Transfer Out	-	-	-	-	(1,317,504)	1,317,504	-
Inter Project Excess Cash Transfer In	-	-	-	-	22,635	(22,635)	-
Inter Project Excess Cash Transfer Out	-	-	-	-	(22,635)	22,635	-
Beginning Net Position	1,692,524	-	-	-	82,142,359	-	82,142,359
Ending Net Position	\$ 1,355,339	\$ -	\$ -	\$ -	\$ 79,073,139	\$ -	\$ 79,073,139



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

Board of Commissioners
Montgomery Housing Authority
Montgomery, Alabama

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

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

The image shows a handwritten signature in black ink. The signature reads "Rubins & Company" in a cursive, flowing script. The word "Rubins" is written with a large, prominent 'R' that loops around the start of the word. The ampersand "&" is written in a simple, stylized form. The word "Company" is written in a similar cursive style, with a large 'C' that loops around the beginning of the word.

Bethesda, Maryland
December 13, 2022



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

Board of Commissioners
Montgomery Housing Authority
Montgomery, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Montgomery Housing Authority's (the Authority) 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 Authority's major federal programs for the year ended March 31, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.

A handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

Bethesda, Maryland
December 13, 2022

MONTGOMERY HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2022

<u>Federal and State Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>		
Public and Indian Housing	14.850	\$ 4,959,133
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	22,667,703
Emergency Housing Vouchers	14.EHV	460,512
Total Housing Voucher Cluster		<u>23,128,215</u>
Resident Opportunity and Supportive Services (ROSS)	14.870	188,068
PIH Family Self Sufficiency Program	14.896	121,257
Choice Neighborhoods Planning	14.892	203,510
Public Housing Capital Fund Program	14.872	<u>3,529,854</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 32,130,037</u>

See Notes to the Schedule

MONTGOMERY HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
March 31, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Montgomery Housing Authority (the Authority) under programs of the federal government for the year ended March 31, 2022. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

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

MONTGOMERY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
March 31, 2022

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditors’ report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material Weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weakness(es)? | None reported |
| 5. Type of auditors’ report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance? | No |
| 7. Identification of Major Programs: | |

Federal Grantor/Program Title

Federal
Assistance
Listing No.

Housing Voucher Cluster

Section 8 Housing Choice Vouchers

Emergency Housing Vouchers

14.871

\$

22,667,703

14.EHV

460,512

- | | |
|---|------------|
| 8. Dollar threshold used to distinguish between Type A and Type B programs: | \$ 963,901 |
| 9. Auditee qualified as low-risk auditee under Uniform Guidance, section 530? | Yes |

MONTGOMERY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
March 31, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

MONTGOMERY HOUSING AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
March 31, 2022

SECTION IV – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

SECTION V – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.