

**WHITEFISH HOUSING AUTHORITY  
WHITEFISH, MONTANA**

**BASIC FINANCIAL STATEMENTS,  
REQUIRED SUPPLEMENTAL INFORMATION  
AND  
SUPPLEMENTAL INFORMATION**

**Year Ended June 30, 2014**

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**REQUIRED SUPPLEMENTAL INFORMATION-  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**WHITEFISH HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2014**

This section of the Whitefish Housing Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2014. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the basic financial statements as a whole.

**FINANCIAL HIGHLIGHTS**

The term "Net Position" refers to the difference between assets and liabilities. The Authority's total net position as of June 30, 2014 was \$1,442,895. The net position increased by \$165,293, an increase of 13% over the prior year. Of this amount, \$78,622 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities.

Operating income for the Authority was \$331,105 for the year ended June 30, 2014. This was a decrease of (\$18,095) or 6% from the prior year.

Operating expenses for the Authority were \$381,089 for the year ended June 30, 2014. This was a decrease of (\$97,458) or 21% from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this *management discussion and analysis* report, the *basic financial statements* and the *notes to the basic financial statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of supplemental information required by HUD. Since the Authority is comprised of all enterprise funds, no entity-wide basic financial statements are shown.

**Required Financial Statements**

*Proprietary Fund Financial Statements* - The basic financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

**WHITEFISH HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2014**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)**

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The Authority combines all of its programs into a single enterprise fund. The Authority has no nonmajor funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information Required by HUD

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *supplemental information required by HUD*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authorities to submit financial information electronically to HUD using the FDS format. The submitted financial information transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2014 is required to be included in the audit reporting package.

**FINANCIAL ANALYSIS**

**CONDENSED STATEMENT OF NET POSITION**

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 950,373	\$ 796,550	\$ 153,823	19%
Capital assets	640,175	589,911	50,264	9%
Total Assets	<u>1,590,548</u>	<u>1,386,461</u>	<u>204,087</u>	<u>15%</u>
Current liabilities	94,355	48,954	45,401	93%
Other liabilities	15,271	17,171	(1,900)	-11%
Long-term debt outstanding	38,027	42,734	(4,707)	-11%
Total Liabilities	<u>147,653</u>	<u>108,859</u>	<u>38,794</u>	<u>36%</u>
Net Position				
Net investment in capital assets	640,175	589,911	50,264	9%
Restricted	724,098	725,323	(1,225)	-0.2%
Unrestricted	78,622	(37,632)	116,254	-309%
Total Net Position	<u>\$ 1,442,895</u>	<u>\$ 1,277,602</u>	<u>\$ 165,293</u>	<u>13%</u>

**WHITEFISH HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2014**

**FINANCIAL ANALYSIS (CONT'D)**

Net Position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$1,442,895 at the close of the year ended June 30, 2014. This represents an increase of \$165,293 which is an increase of 13% over the prior year. The majority of the increase is attributable to HUD Capital Funds of \$96,161 and City of Whitefish TIF Funds of \$88,899 for the year ended June 30, 2014.

Current and other assets increased by \$153,823. This was primarily attributed to operations before depreciation which resulted in a net increase in cash and investments of \$108,834 and an increase of \$47,452 in the receivable from HUD which is merely the result of when funds are requisitioned.

Total liabilities increased by \$38,794. There was no unusual reason for the change only the typical variability from year to year based on the timing of payments.

A portion of the Authority's net position reflects its net investment in capital assets (e.g. land, buildings and equipment less accumulated depreciation) and less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

Unrestricted net position as of June 30, 2014 was \$78,622 which was an increase of \$116,254 over the previous year. Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities. The Authority has sufficient funds to meet requirements for cash outlays in the next fiscal year as well as the financial capacity to sustain operations.

The Authority had \$724,098 classified as restricted assets that are subject to external restrictions on how they may be used. Of the total, \$3,499 consists of excess housing assistance payment advances not used that are restricted solely for future housing assistance payments as required by HUD. In addition, net assets of \$720,599 are restricted as part of the "Deed Restricted Program" which is restricted based on the availability of the asset subject to the respective owner decision to sell the property.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

As can be seen on the next page, total revenues increased by \$46,451, primarily due to the increase in Federal operating grants of \$55,991. The Authority also had an increase of \$33,750 or 18% increase in rental income. The increase in rental income was not attributed to any unusual or significant event, only the normal fluctuation from year-to-year based on occupancy and rent composition. Other program revenue decreased by (\$46,000) which was related to various Homeowner/Development activities that are not consistent from year to year.

**WHITEFISH HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2014**

**FINANCIAL ANALYSIS (CONT'D)**

**CONDENSED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Program revenues				
Rental	\$ 217,826	\$ 184,076	\$ 33,750	18%
HUD program revenue	202,213	146,222	55,991	38%
Other program revenue	25,335	71,335	(46,000)	-64%
General revenues				
Interest	285	372	(87)	-23%
Other	8,731	5,934	2,797	47%
Total Revenues	<u>454,390</u>	<u>407,939</u>	<u>46,451</u>	<u>11%</u>
<b>Expenses</b>				
Depreciation	46,603	54,924	(8,321)	-15%
Operating	334,486	423,623	(89,137)	-21%
Nonoperating	1,190	27,149	(25,959)	-96%
Total Expenses	<u>382,279</u>	<u>505,696</u>	<u>(123,417)</u>	<u>-24%</u>
Excess (deficiency) before contributions and special items	72,111	(97,757)	169,868	-174%
Capital Contributions	92,543	259,940	(167,397)	
Special Items:				
Housing study	-	(13,393)	13,393	
Casualty loss income	3,310	-	3,310	
Casualty loss expense	(2,671)	-	(2,671)	
Changes in Net Position	165,293	148,790	16,503	
Beginning Net Position	1,277,602	1,128,812	148,790	
Ending Net Position	<u>\$ 1,442,895</u>	<u>\$ 1,277,602</u>	<u>\$ 165,293</u>	

HUD operating subsidy for the Authority was \$30,483 for the year ended June 30, 2014. This was a decrease of (\$1,023) from the prior year. The operating subsidy funding is determined by HUD on an annual basis and is primarily based on income and utility expenses. The Authority also expended \$92,517 of HUD capital grants for operations for the fiscal year ended June 30, 2014 compared to \$871 in the previous year. This amount will vary on the approved budget by HUD. The Authority has flexibility in the use of these funds.

Operating expenses for the Authority were \$334,486 for the year ended June 30, 2014. This was a decrease of (\$89,137) or 21% from the prior year. The following expense categories had significant changes from the prior year:

**WHITEFISH HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2014**

**FINANCIAL ANALYSIS (CONT'D)**

- Administrative decreased by (\$62,574)
- Maintenance increased by \$8,971
- Housing Assistance Payments decreased by (\$14,255)

The significant decrease in Administration is largely due to changes in staff and salary. Other changes would represent a decrease in the Sundry spending overall. The housing authority has worked very hard to decrease expenses and increase its overall sustainability. This decrease is a testament to this work. The increase in Maintenance is also due to the work by the housing authority to decrease expenses which resulted in the ability of the housing authority to afford some of the larger maintenance projects that had been put on hold.

Housing Assistance Payments decreased due to a large turnover in vouchers. Three households left the program in 2014. All allowable vouchers, 16 in total, have been issues and are leased up in 2015.

HUD capital contributions were \$3,644 for the year ended June 30, 2014. This was a decrease of (\$296) from the prior year. The Authority is allocated capital grant money each year as determined by HUD and remains relatively consistent from year to year based on the Authority's number of units. The amount presented will vary from year to year depending on the timing of projects as outlined in the HUD approved capital grant budget.

Other contributions included \$88,899 of TIF funds from the City of Whitefish for the purpose of the rehabilitation of two homes donated by Burlington Northern Railroad.

**OCCUPANCY**

The Whitefish Housing Authority has worked to create and maintain affordable housing opportunities specific to the housing needs of our small resort town. The Whitefish Housing Authority manages four housing programs as follows:

Project	Description	Year created
Mountain View Manor	50 public housing units / elderly and disabled.	1970
Housing Rehabilitation Program	Owner-occupied Housing Rehabilitation Program aids homeowners with the costs of house maintenance projects.	1999 City of Whitefish project managed by WHA
Housing Choice Voucher Program	Rental Assistance / 16 vouchers	2004
Homeownership Program	Aids low and moderate income households purchase a home.	Created in 2004, to date the program has aided 28 households purchase a home in Whitefish.

**WHITEFISH HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2014**

**CAPITAL ASSETS**

The Whitefish Housing Authority's net investment in capital assets as of June 30, 2014 amounts to \$640,175. This investment in capital assets includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation.

The total increase in the Authority's net investment in capital assets for the current fiscal year was 9% in terms of net book value. The actual amount to purchase or construct capital assets was \$96,804 for the year. Depreciation charges for the year totaled \$46,603. Additional information on the Authority's capital assets can be found in Note G of the notes to the basic financial statements of this report.

During FYE 2014, the housing authority replaced four sets of older curtains with fire retardant curtains for the apartments; upgraded and replaced old flooring in three apartments; replaced two older and smaller stoves and rehabbed cabinets in two apartments; replaced a section of the roof gutter for better rain and debris removal and performed much needed lawn maintenance to keep insect infestation at bay.

**DEBT ADMINISTRATION**

The Authority has a loan with the Montana Homeownership Network and the balance as of June 30, 2014 was \$42,736. Further details can be found in Note N of the notes to the financial statements of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2015 budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on rental income, other income and utility consumption and costs. The amount of funding is also established and approved by HUD. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Executive Director, Whitefish Housing Authority, PO Box 1237, 100 4<sup>th</sup> Street, Whitefish, Montana 59937.

## **INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Whitefish Housing Authority

### **Report on the Basic Financial Statements**

We have audited the accompanying basic financial statements of the Whitefish Housing Authority, Whitefish, Montana, as of and for the year ended June 30, 2014, and the related notes to the basic financial statements, which collectively comprise the Whitefish Housing Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Basic Financial Statements***

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Whitefish Housing Authority as of June 30, 2014, and the changes in its financial position and its 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 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was performed for the purpose of forming an opinion on the basic financial statements that collectively comprise the Whitefish Housing Authority's basic financial statements. The Program Financial Schedules and Financial Data Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplemental information as described 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. Such Information has been subjected to 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Program Financial Schedules and Financial Data Schedules are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2015 on our consideration of the Whitefish Housing 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 the 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 Whitefish Housing Authority's internal control over financial reporting and compliance.

*Niewedde & Wiens, CPA's*

York, Nebraska  
February 9, 2015

## **BASIC FINANCIAL STATEMENTS**

**WHITEFISH HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**June 30, 2014**

**ASSETS**

**CURRENT ASSETS:**

		<u>Housing</u>
Cash and cash equivalents	\$	80,708
Accounts receivable, net		2,318
Due from other governments		47,452
Prepaid items		6,237
<i>Restricted:</i>		
Cash and cash equivalents		45,559
<b>TOTAL CURRENT ASSETS</b>		<u>182,274</u>

**NONCURRENT ASSETS:**

Capital Assets, non-depreciable		194,755
Capital Assets, depreciable, net		445,420
Notes receivable		47,500
Other Assets, restricted		720,599
<b>TOTAL NONCURRENT ASSETS</b>		<u>1,408,274</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<u><u>1,590,548</u></u>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable	\$	4,582
Accrued payroll and benefits		4,059
Accrued interest payable		33
Compensated absences payable		3,817
Due to other governments		34,305
Unearned revenue		30,000
Tenant security deposit payable		12,850
Notes payable, noncapital		4,709
<b>TOTAL CURRENT LIABILITIES</b>		<u>94,355</u>

**NONCURRENT LIABILITIES:**

Compensated absences payable		6,601
Due to other governments		8,670
Notes payable, noncapital		38,027
<b>TOTAL NONCURRENT LIABILITIES</b>		<u>53,298</u>
<b>TOTAL LIABILITIES</b>		<u>147,653</u>

**NET POSITION**

Net investment in capital assets		640,175
Restricted		724,098
Unrestricted		78,622
<b>TOTAL NET POSITION</b>	<b>\$</b>	<u><u>1,442,895</u></u>

See accompanying notes.

**WHITEFISH HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUND**  
**Year Ended June 30, 2014**

<b>OPERATING REVENUES</b>	<u>Housing</u>
Rental income	\$ 217,826
Program revenue	104,548
Other income	<u>8,731</u>
<b>TOTAL OPERATING REVENUES</b>	<b>331,105</b>
<b>OPERATING EXPENSES</b>	
Administrative	111,032
Tenant services	453
Utilities	39,040
Ordinary maintenance and operations	76,663
General expense	35,232
Housing assistance payments	72,066
Depreciation	<u>46,603</u>
<b>TOTAL OPERATING EXPENSES</b>	<b>381,089</b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>(49,984)</u></b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
HUD operating subsidy	30,483
HUD capital grants - operations	92,517
Interest income	285
Interest expense	(861)
Loss on capital asset dispositions	<u>(329)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b><u>122,095</u></b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS</b>	<b>72,111</b>
<b>CAPITAL CONTRIBUTIONS</b>	
HUD capital fund grant	3,644
City of Whitefish - TIF grant	88,899
<b>SPECIAL ITEMS</b>	
Casualty loss income	3,310
Casualty loss expense	<u>(2,671)</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>165,293</b>
<b>NET POSITION:</b>	
Net position, beginning balance	<u>1,277,602</u>
<b>NET POSITION - ENDING BALANCE</b>	<b>\$ <u><u>1,442,895</u></u></b>

See accompanying notes.

**WHITEFISH HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**Year Ended June 30, 2014**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<u>Housing</u>
Rental receipts	\$ 218,880
Program receipts	151,315
Other receipts	8,731
Tenant security deposits	1,883
Cash payments for goods and services	(208,392)
Cash payments to employees for services	<u>(128,757)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	43,660
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
HUD operating subsidy	27,615
HUD capital grants-operations	46,517
<i>Special Items:</i>	
Casualty loss proceeds	3,310
Casualty loss expenses paid	(2,671)
Interest paid	(907)
Principal paid	<u>(4,613)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	69,251
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchases and construction of capital assets	(96,804)
HUD capital fund grant	3,250
City of Whitefish - TIF grant	<u>89,193</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(4,361)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received	<u>284</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	284
NET INCREASE (DECREASE) IN CASH	108,834
CASH AND CASH EQUIVALENTS-BEGINNING	<u>17,433</u>
CASH AND CASH EQUIVALENTS-END OF YEAR	<u>\$ 126,267</u>

See accompanying notes.

**WHITEFISH HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)**  
**Year Ended June 30, 2014**

<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED</b>	<u><b>Housing</b></u>
<b>(USED) BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ (49,984)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	46,603
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(9)
(Increase) decrease in due from other governments	(51)
(Increase) decrease in prepaid items	(25)
Increase (decrease) in accounts payable	(1,671)
Increase (decrease) in tenant security deposits	1,883
Increase (decrease) in accrued payroll and benefits	2,191
Increase (decrease) in accrued leave	2,220
Increase decrease in unearned revenue	26,336
Increase decrease in due to other governments	16,167
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 43,660</u>

See accompanying notes.

**WHITEFISH HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The Whitefish Housing Authority was established in 1967 and signed its Cooperation Agreement and Annual Contributions contract in 1969. The Authority is governed by a board of commissioners appointed by the Mayor of the City of Whitefish, Montana. The purpose of the Authority is to furnish low rent housing to low income tenants primarily by administering housing programs authorized by the Quality Housing and Work Responsibility Act of 1998. These programs are subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD).

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting.

Financial Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit. Based on these criteria, the following component unit is included in the financial statements of the Authority:

*The Whitefish Area Land Trust is a non-profit corporation created by the Whitefish Housing Authority for the purpose of developing other housing opportunities through various grants now available to the Housing Authority by use of the Corporation.*

Basis of accounting, measurement focus, and financial statement presentation

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures or expenses, as appropriate.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are

**WHITEFISH HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The Authority distinguishes between operating and nonoperating revenues and expenses in its Statement of Revenues, Expenses and Changes in Fund Net Position. For this purpose, the Authority's operating revenues result from providing low-income housing services such as tenant rent, rental assistance and other tenant charges. Operating expenses include the cost attributed to administration, tenant services, utilities, maintenance and operations, debt service and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

The model as defined in Statement No. 34 establishes criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major Funds. If non-major funds exist, these funds are combined in a single column in the fund financial statements.

The Authority has a sole enterprise fund which includes the activities of the following programs:

**Public Housing Program.** This program accounts for the operation, maintenance, and development of 50 housing units which are owned by the Authority. The developments of the projects were funded primarily by the U.S. Department of Housing and Urban Development through loans and bonds. The loans have been forgiven by HUD and the bond debt service and repayment requirements are the responsibility of HUD and therefore no outstanding liabilities are recorded. The program is subsidized annually by operating subsidy from HUD and through Capital Grants for capital improvements.

**Housing Choice Voucher.** This program accounts for the operation of the Housing Choice Voucher program which is funded primarily by the U.S. Department of Housing and Urban Development. The program funds housing assistance payments to eligible low-income housing participants.

**Development/Homeownership.** This program accounts for various activities including grants related to the development of homeownership opportunities.

**Whitefish Area Land Trust.** This program accounts for the development of various properties to help participants with homebuyer assistance through various grants and programs.

Budgetary Process

The Authority establishes a budget for the fiscal year and is adopted by the Board of Commissioners.

**WHITEFISH HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Cash and Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities that are owned by a specific amount and that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents".

The Authority's deposits can only be invested in the following HUD approved investments: direct obligations of the federal government backed by the full faith and credit of the United States, obligations of federal government agencies, securities of government-sponsored agencies, demand and savings deposits, money-market deposit accounts, municipal depository fund, super now accounts, certificate of deposit, repurchase agreements, sweep accounts, separate trading of registered interest and principal securities (STRIPS), and mutual funds that consist of securities purchased from the HUD approved list.

Accounts Receivable

All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible.

Prepaid Items

Prepaid balances are for payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

Capital Assets and Depreciation

Property and equipment are stated at actual or estimated historical cost, net of accumulated depreciation. Contributions of assets are recorded at fair market value at the date donated. The Authority generally capitalized assets with cost of \$500 or more as purchases and construction outlays occur.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	15-40 years
Building improvements	10-40 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

Income Taxes

The Authority is a governmental subdivision of the State of Montana and is exempt from Federal and State income taxes.

**WHITEFISH HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, deferred outflows, liabilities, deferred inflows, revenues, expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Authority's policy is to apply the restricted component of net position first.

Grant Revenue

The Authority, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements, including time requirements are met in accordance with GASB Statement No. 33. Resources transmitted to the Authority before the eligibility requirements are met are reported as unearned revenue.

Investment Income

Investment income from pooled cash and investments is allocated monthly based on the percentage of a fund's average pooled cash and investments balance.

Compensated Absences

It is the Authority's policy and state law to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from Authority service. Employees are allowed to accumulate and carry over a maximum of two times their annual accumulation of vacation, but not more than 90 days into the new calendar year. There is no restriction on the amount of sick leave that may be accumulated. Upon separation, employees are paid 100 percent of accumulated vacation and 25 percent of accumulated sick leave.

Postemployment Benefits Other Than Pensions (OPEB)

OPEB benefits are part of an exchange of salaries and/or benefits in a future period as the result of employee services rendered during employment. In accordance with the accrual basis of accounting, generally benefits should be associated with the periods in which the exchange occurs, rather than with the periods when benefits are paid or provided. The Authority has not incurred, adopted a plan or obligated resources to other postemployment benefits as defined in GASB Statement No. 45.

**WHITEFISH HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE B - DEPOSITS AND INVESTMENTS**

Deposits

At June 30, 2014, the Authority's carrying amount of deposits was \$126,167 and the bank balances were \$139,145. The Authority had cash on hand of \$100 as of June 30, 2014. All of the bank balances were covered by federal depository insurance.

**NOTE C – ACCOUNTS RECEIVABLE**

A summary of accounts receivable as presented in the Statement of Net Position at June 30, 2014 is as follows:

Tenants	\$	1,851
Allowance for doubtful accounts		(1,577)
Rehab loans		774
Homeowners – administrative fees		1,270
	\$	<u>2,318</u>

**NOTE D – DUE FROM OTHER GOVERNMENTS**

A summary of due from other governments as presented in the Statement of Net Position at June 30, 2014 is as follows:

HUD – operating subsidy	\$	1,007
HUD – capital funds		46,394
HUD – Section 8 administrative fees		51
	\$	<u>47,452</u>

**NOTE E – PREPAID ITEMS**

A summary of prepaid items as presented in the Statement of Net Position at June 30, 2014 is as follows:

Prepaid insurance	\$	3,264
Other prepaid expenses		2,973
	\$	<u>6,237</u>

**WHITEFISH HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE F – RESTRICTED ASSETS**

A summary of restricted cash and cash equivalents as presented in the Statement of Net Position at June 30, 2014 is as follows:

Tenant security deposits	\$	12,850
Housing Assistance Payments		2,709
CDBG Program Income		30,000
	\$	<u>45,559</u>

**NOTE G – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance 7/1/13	Increases	Decreases	Balance 6/30/14
<b>Non-depreciable assets:</b>				
Land	\$ 191,110	\$ -	\$ -	\$ 191,110
Construction in progress	-	3,645	-	3,645
<b>Total non-depreciable assets</b>	<u>191,110</u>	<u>3,645</u>	<u>-</u>	<u>194,755</u>
<b>Depreciable assets</b>				
Buildings	2,499,752	92,357	-	2,592,109
Equipment - Dwelling	12,080	1,196	-	13,276
Equipment - Administration	22,735	-	(898)	21,837
<b>Total depreciable assets</b>	<u>2,534,567</u>	<u>93,553</u>	<u>(898)</u>	<u>2,627,222</u>
<b>Total Capital Assets</b>	<u>2,725,677</u>	<u>97,198</u>	<u>(898)</u>	<u>2,821,976</u>
<b>Accumulated depreciation</b>				
Buildings	2,103,372	45,840	-	2,149,213
Equipment - Dwelling	10,458	443	-	10,901
Equipment - Administration	21,936	320	(569)	21,688
Total accumulated depreciation	<u>2,135,767</u>	<u>46,603</u>	<u>(569)</u>	<u>2,181,800</u>
<b>Depreciable assets, net</b>	<u>398,800</u>	<u>46,950</u>	<u>(329)</u>	<u>445,420</u>
<b>Capital assets, net</b>	<u>\$ 589,910</u>	<u>\$ 50,594</u>	<u>\$ (329)</u>	<u>\$ 640,175</u>

**NOTE H – NOTES RECEIVABLE**

Downpayment Assistance Loan

The Authority provided a loan to a first-time homebuyer within the guidelines of low and moderate income assistance. The note is dated June 28, 2007 and has an original principal sum of \$47,500. There is no interest charged on the loan, however the Authority shall have

**WHITEFISH HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE H – NOTES RECEIVABLE (CONT'D)**

the right to a share in the appreciation in the value of the property, if any, upon "Maturity" of the note. The maturity of the note occurs if there is a sale or transfer of the property, upon default under this note or trust indenture securing the note, upon the refinancing of a lien superior to securing the note, upon the repayment in full of the principal balance of this note without payment of share of appreciation value. As of June 30, 2014 the loan balance was \$47,500.

**NOTE I – OTHER ASSETS**

The Authority participates in a "Deed Restricted Program" whereas the sole purpose is for the downpayment assistance to stay with the Property. As part of the program if a person sells the property before 90 years, the Authority shares in the appreciation value of the property. The Authority's share of equity in the property consists of funds from various sources, such as CDBG Grant, HOME Fund and the Affordable Housing Program provided by the Federal Home Loan Bank of Seattle.

If the property is sold within the first 15 years, then any gain from the property must be reinvested as program income and used in a similar manner. However, after the 15 year time period then any property sold and any share of appreciation that is received then these funds are the Whitefish Housing Authority funds. The Authority has a secured deed on each respective property securing the Authority's interest. As of June 30, 2014 the Authority has sold nine properties. The total Authority contribution or equity in these properties is \$720,599 as of June 30, 2014.

**NOTE J – ACCOUNTS PAYABLE**

A summary of accounts payable as presented in the Statement of Net Position at June 30, 2014 is as follows:

Vendors and contractors	\$ <u>4,582</u>
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**NOTE K – DUE TO OTHER GOVERNMENTS**

A summary of due to other governments as presented in the Statement of Net Position at June 30, 2014 is as follows:

Payments in Lieu of Taxes	\$ 20,691
HOME Program Income	19,048
HUD – 2010 operating subsidy	<u>3,236</u>
	<u>\$ 42,975</u>

**WHITEFISH HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE L – UNEARNED REVENUE**

A summary of unearned revenue as presented in the Statement of Net Position at June 30, 2014 is as follows:

CDBG Program Income	\$ <u>30,000</u>
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**NOTE M—ACCRUED COMPENSATED ABSENCES**

A summary of accrued compensated absences as presented in the Statement of Net Position as of June 30, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Compensated absences	\$ <u>8,198</u>	\$ <u>7,958</u>	\$ <u>(5,738)</u>	\$ <u>10,418</u>	\$ <u>3,817</u>

**NOTE N– NOTES PAYABLE**

The Authority has an unsecured loan with the Montana Homeownership Network. The Promissory note is dated June 25, 2007 with an original loan amount of \$50,000. The loan matured on June 30, 2008 and was extended on March 16, 2011 thru June 30, 2012 with an interest rate of 4%. The Authority's intention was to repay the loan based on the funds received by the City of Whitefish from payments in lieu of housing fees generated from area developers. As of June 30, 2014 these funds have not been received.

On November 1, 2012 the Authority entered into a long-term promissory note which extends the loan and matures on November 1, 2022 and bears an interest rate of 2% with monthly payments of \$460. As of June 30, 2014 the loan balance was \$42,736 and unpaid interest of \$33.

A summary of changes in notes payable as of June 30, 2014 is as follows:

<u>Description</u>	<u>Balance 7/1/2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6/30/2014</u>	<u>Due Within One Year</u>
Montana Neighbor Works	\$ <u>47,349</u>	\$ <u>-</u>	\$ <u>(4,613)</u>	\$ <u>42,736</u>	\$ <u>4,709</u>
Total	\$ <u>47,349</u>	\$ <u>-</u>	\$ <u>(4,613)</u>	\$ <u>42,736</u>	\$ <u>4,709</u>
			Less current maturities	<u>(4,709)</u>	
			Long-term portion	<u>\$ <u>38,027</u></u>	

**WHITEFISH HOUSING AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE N– NOTES PAYABLE (CONT'D)**

Principal and interest requirements for the notes are as follows:

Fiscal Year	Principal	Interest	Total
2015	\$ 4,709	\$ 812	\$ 5,521
2016	4,804	717	5,521
2017	4,901	620	5,521
2018	5,000	521	5,521
2019	5,101	420	5,521
2020-2023	18,221	642	18,863
	<u>\$ 42,736</u>	<u>\$ 3,731</u>	<u>\$ 46,467</u>

**NOTE O—NET POSITION**

The fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets** – This component groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- **Restricted** – This category represents net position of the Authority that is restricted externally by creditors, grantors, contributors, laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.

**A summary of restricted net position as presented in the Statement of Net Position at June 30, 2014 is as follows:**

As of June 30, 2014 the Authority had net position of \$720,599 restricted in the Homeownership/Development Program for the Deed Restricted Program as described in Note I.

As of June 30, 2014 the Authority had net position of \$3,499 restricted in the Section 8 Housing Choice Voucher Program for program housing assistance payments. As of June 30, 2014 the Authority did not have sufficient funds to cover the restricted net position balance. The Authority was deficient by (\$790) which was a culmination of previous years administrative expenses exceeding the funds received for administrative fees. The Authority plans to reduce the above deficit with operations.

- **Unrestricted** – This category represents net position of the Authority, not restricted for any project or other purposes.

**WHITEFISH HOUSING AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2014**

**NOTE P – PENSION PLAN**

The Authority participates in a mandatory cost-sharing multiple employer defined benefit plan, which covers all full-time employees. The Public Employee Retirement System (PERS) is established by State law and is administered by the Department of Administration of the State of Montana. The plan provides retirement, disability, and death benefits to plan members and beneficiaries.

The plan issues publicly available annual reports that include financial statements and required supplemental information for the plan. The report can be obtained at P.O. Box 200131, 1712 Ninth Avenue, Helena, Montana, 59620-0131. The financial statements for PERS include activity for a defined benefit and a defined contribution retirement plan. The defined contribution plan is available to all active members starting July 1, 2002. The assets of one retirement plan can not be comingled with those of another plan.

Contribution rates are expressed as percentage of covered payroll, which are determined by the State law and were 8.07% for the employer and 6.9% for the employee. The State of Montana contributes .10% of the employees' wages covered by PERS, which is considered an on-behalf payment. This immaterial amount has not been recorded in these financial statements as required under Generally Accepted Accounting Principles. The Authority's contributions were calculated using the base salary amount of \$107,095. Employer and employee contributions to the plan were \$8,102 and \$7,930, respectively.

**NOTE Q – CONTINGENCIES**

The Authority recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any to be immaterial.

**NOTE R - RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance. During the year ended June 30, 2014, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

**SUPPLEMENTAL INFORMATION-  
PROGRAM FINANCIAL SCHEDULES**

**WHITEFISH HOUSING AUTHORITY**  
**PROGRAM SCHEDULE OF NET POSITION**  
**June 30, 2014**

<b>ASSETS</b>	<b>Public Housing</b>	<b>Section 8 Voucher</b>	<b>Development/ Homeownership</b>	<b>Whitefish Area Land Trust</b>	<b>Totals</b>
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 51,660	\$ -	\$ 29,048	\$ -	\$ 80,708
Accounts receivable, net	274	-	2,044	-	2,318
Due from other governments	47,401	51	-	-	47,452
Interfund receivable	191,187	-	-	-	191,187
Prepaid items	6,155	82	-	-	6,237
<i>Restricted:</i>					
Cash and cash equivalents	11,200	2,709	31,650	-	45,559
TOTAL CURRENT ASSETS	<u>307,877</u>	<u>2,842</u>	<u>62,742</u>	<u>-</u>	<u>373,461</u>
<b>NONCURRENT ASSETS:</b>					
Capital Assets, non-depreciable	53,755	-	141,000	-	194,755
Capital Assets, depreciable, net	267,258	-	178,162	-	445,420
Notes receivable	-	-	47,500	-	47,500
Other Assets, restricted	-	-	720,599	-	720,599
TOTAL NONCURRENT ASSETS	<u>321,013</u>	<u>-</u>	<u>1,087,261</u>	<u>-</u>	<u>1,408,274</u>
TOTAL ASSETS	<u>\$ 628,890</u>	<u>\$ 2,842</u>	<u>\$ 1,150,003</u>	<u>\$ -</u>	<u>\$ 1,781,735</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable	\$ 3,264	\$ 162	\$ 1,156	\$ -	\$ 4,582
Accrued payroll and benefits	3,993	49	17	-	4,059
Accrued interest payable	-	-	33	-	33
Compensated absences payable	3,817	-	-	-	3,817
Interfund payable	-	-	191,187	-	191,187
Due to other governments	15,257	-	19,048	-	34,305
Unearned revenue	-	-	30,000	-	30,000
Tenant security deposit payable	11,200	-	1,650	-	12,850
Notes payable, noncapital	-	-	4,709	-	4,709
TOTAL CURRENT LIABILITIES	<u>37,531</u>	<u>211</u>	<u>247,800</u>	<u>-</u>	<u>285,542</u>
<b>NONCURRENT LIABILITIES:</b>					
Compensated absences payable	6,601	-	-	-	6,601
Due to other governments	8,670	-	-	-	8,670
Notes payable, noncapital	-	-	38,027	-	38,027
TOTAL NONCURRENT LIABILITIES	<u>15,271</u>	<u>-</u>	<u>38,027</u>	<u>-</u>	<u>53,298</u>
TOTAL LIABILITIES	<u>52,802</u>	<u>211</u>	<u>285,827</u>	<u>-</u>	<u>338,840</u>
<b>NET POSITION</b>					
Net investment in capital assets	321,013	-	319,162	-	640,175
Restricted	-	3,499	720,599	-	724,098
Unrestricted	255,075	(868)	(175,585)	-	78,622
TOTAL NET POSITION	<u>\$ 576,088</u>	<u>\$ 2,631</u>	<u>\$ 864,176</u>	<u>\$ -</u>	<u>\$ 1,442,895</u>

**WHITEFISH HOUSING AUTHORITY**  
**PROGRAM SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**Year Ended June 30, 2014**

	<u>Public Housing</u>	<u>Section 8 Voucher</u>	<u>Development/ Homeownership</u>	<u>Whitefish Area Land Trust</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>					
Rental income	\$ 208,126	\$ -	\$ 9,700	\$ -	\$ 217,826
Program revenue	-	79,213	25,335	-	104,548
Other income	5,055	-	-	3,676	8,731
TOTAL OPERATING REVENUES	<u>213,181</u>	<u>79,213</u>	<u>35,035</u>	<u>3,676</u>	<u>331,105</u>
<b>OPERATING EXPENSES</b>					
Administrative	100,222	5,726	5,084	-	111,032
Tenant services	453	-	-	-	453
Utilities	37,604	-	1,436	-	39,040
Ordinary maintenance and operations	74,780	-	1,883	-	76,663
General expense	26,568	-	6,761	1,903	35,232
Housing assistance payments	-	72,066	-	-	72,066
Depreciation	44,106	-	2,497	-	46,603
TOTAL OPERATING EXPENSES	<u>283,733</u>	<u>77,792</u>	<u>17,661</u>	<u>1,903</u>	<u>381,089</u>
OPERATING INCOME (LOSS)	<u>(70,552)</u>	<u>1,421</u>	<u>17,374</u>	<u>1,773</u>	<u>(49,984)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
HUD operating subsidy	30,483	-	-	-	30,483
HUD capital grants - operations	92,517	-	-	-	92,517
Interest income	285	-	-	-	285
Interest expense	-	-	(861)	-	(861)
Loss on capital asset dispositions	(329)	-	-	-	(329)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>122,956</u>	<u>-</u>	<u>(861)</u>	<u>-</u>	<u>122,095</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS, SPECIAL ITEMS AND TRANSFERS	<u>52,404</u>	<u>1,421</u>	<u>16,513</u>	<u>1,773</u>	<u>72,111</u>
<b>CAPITAL CONTRIBUTIONS</b>					
HUD capital fund grant	3,644	-	-	-	3,644
City of Whitefish - TIF grant	-	-	88,899	-	88,899
<b>SPECIAL ITEMS</b>					
Casualty loss income	3,310	-	-	-	3,310
Casualty loss expense	(2,671)	-	-	-	(2,671)
<b>TRANSFERS</b>					
Transfers in	3,676	-	-	22,049	25,725
Transfers out	-	-	(22,049)	(3,676)	(25,725)
INCREASE (DECREASE) IN NET POSITION	<u>60,363</u>	<u>1,421</u>	<u>83,363</u>	<u>20,146</u>	<u>165,293</u>
<b>NET POSITION:</b>					
Net position, beginning balance	515,725	1,210	780,813	(20,146)	1,277,602
NET POSITION - ENDING BALANCE	<u>\$ 576,088</u>	<u>\$ 2,631</u>	<u>\$ 864,176</u>	<u>\$ -</u>	<u>\$ 1,442,895</u>

**WHITEFISH HOUSING AUTHORITY  
PROGRAM SCHEDULE OF CASH FLOWS  
Year Ended June 30, 2014**

	Public Housing	Section 8 Voucher	Development/ Homeownership	Whitefish Area Land Trust	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Rental receipts	\$ 209,180	\$ -	\$ 9,700	\$ -	\$ 218,880
Program receipts	-	79,083	72,232	-	151,315
Other receipts	5,055	-	-	3,676	8,731
Tenant security deposits	933	-	950	-	1,883
Cash payments for goods and services	(118,841)	(73,964)	(15,587)	-	(208,392)
Cash payments to employees for services	(123,995)	(3,774)	(988)	-	(128,757)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(27,668)	1,345	66,307	3,676	43,660
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
HUD operating subsidy	27,615	-	-	-	27,615
HUD capital grants-operations	46,517	-	-	-	46,517
<i>Special Items:</i>					
Casualty loss proceeds	3,310	-	-	-	3,310
Casualty loss expenses paid	(2,671)	-	-	-	(2,671)
Transfers in (out)	3,676	-	-	(3,676)	-
Interest paid	-	-	(907)	-	(907)
Principal paid	-	-	(4,613)	-	(4,613)
Net change in interprogram borrowing	(594)	-	594	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	77,853	-	(4,926)	(3,676)	69,251
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchases and construction of capital assets	(6,928)	-	(89,876)	-	(96,804)
HUD capital fund grant	3,250	-	-	-	3,250
City of Whitefish - TIF grant	-	-	89,193	-	89,193
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,678)	-	(683)	-	(4,361)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	284	-	-	-	284
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	284	-	-	-	284
NET INCREASE (DECREASE) IN CASH	46,791	1,345	60,698	-	108,834
CASH AND CASH EQUIVALENTS-BEGINNING	16,069	1,364	-	-	17,433
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 62,860	\$ 2,709	\$ 60,698	\$ -	\$ 126,267

**WHITEFISH HOUSING AUTHORITY**  
**PROGRAM SCHEDULE OF CASH FLOWS (CONT'D)**  
Year Ended June 30, 2014

	<u>Public Housing</u>	<u>Section 8 Voucher</u>	<u>Development/ Homeownership</u>	<u>Whitefish Area Land Trust</u>	<u>Totals</u>
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ (70,552)	\$ 1,421	\$ 17,374	\$ 1,773	\$ (49,984)
Adjustments to reconcile income from operations to net cash provided by operating activities:					
Depreciation	44,106	-	2,497	-	46,603
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	1,067	-	(1,076)	-	(9)
(Increase) decrease in due from other governments	-	(51)	-	-	(51)
(Increase) decrease in prepaid items	(2,263)	-	335	1,903	(25)
Increase (decrease) in accounts payable	(2,465)	38	756	-	(1,671)
Increase (decrease) in tenant security deposits	933	-	950	-	1,883
Increase (decrease) in accrued payroll and benefits	2,180	16	(5)	-	2,191
Increase (decrease) in accrued leave	2,220	-	-	-	2,220
Increase decrease in unearned revenue	(13)	(79)	26,428	-	26,336
Increase decrease in due to other governments	(2,881)	-	19,048	-	16,167
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (27,668)</b>	<b>\$ 1,345</b>	<b>\$ 66,307</b>	<b>\$ 3,676</b>	<b>\$ 43,660</b>

**SUPPLEMENTAL INFORMATION-  
FINANCIAL DATA SCHEDULES**

**Whitefish Housing Authority (MT015)  
Whitefish, MT**

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$51,660				\$29,048	\$80,708		\$80,708
113 Cash - Other Restricted		\$2,709			\$30,000	\$32,709		\$32,709
114 Cash - Tenant Security Deposits	\$11,200				\$1,650	\$12,850		\$12,850
100 Total Cash	\$62,860	\$2,709	\$0	\$0	\$60,698	\$126,267	\$0	\$126,267
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects	\$47,401	\$51				\$47,452		\$47,452
125 Accounts Receivable - Miscellaneous					\$2,044	\$2,044		\$2,044
126 Accounts Receivable - Tenants	\$331					\$331		\$331
126.1 Allowance for Doubtful Accounts - Tenants	-\$57					-\$57		-\$57
126.2 Allowance for Doubtful Accounts - Other	-\$1,520	\$0			\$0	-\$1,520		-\$1,520
127 Notes, Loans, & Mortgages Receivable - Current	\$1,520					\$1,520		\$1,520
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$47,675	\$51	\$0	\$0	\$2,044	\$49,770	\$0	\$49,770
142 Prepaid Expenses and Other Assets	\$6,155	\$82				\$6,237		\$6,237
144 Inter Program Due From	\$191,187					\$191,187	-\$191,187	\$0
150 Total Current Assets	\$307,877	\$2,842	\$0	\$0	\$62,742	\$373,461	-\$191,187	\$182,274
161 Land	\$50,110				\$141,000	\$191,110		\$191,110
162 Buildings	\$2,411,318				\$180,790	\$2,592,108		\$2,592,108
163 Furniture, Equipment & Machinery - Dwellings	\$12,080				\$1,196	\$13,276		\$13,276
164 Furniture, Equipment & Machinery - Administration	\$18,759	\$3,078				\$21,837		\$21,837
166 Accumulated Depreciation	-\$2,174,899	-\$3,078			-\$3,824	-\$2,181,801		-\$2,181,801
167 Construction in Progress	\$3,645					\$3,645		\$3,645
160 Total Capital Assets, Net of Accumulated Depreciation	\$321,013	\$0	\$0	\$0	\$319,162	\$640,175	\$0	\$640,175
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0				\$47,500	\$47,500		\$47,500
174 Other Assets			\$0		\$720,599	\$720,599		\$720,599
180 Total Non-Current Assets	\$321,013	\$0	\$0	\$0	\$1,087,261	\$1,408,274	\$0	\$1,408,274
190 Total Assets	\$628,890	\$2,842	\$0	\$0	\$1,150,003	\$1,781,735	-\$191,187	\$1,590,548
290 Total Assets and Deferred Outflow of Resources	\$628,890	\$2,842	\$0	\$0	\$1,150,003	\$1,781,735	-\$191,187	\$1,590,548

**Whitefish Housing Authority (MT015)  
Whitefish, MT**

Entity Wide Balance Sheet Summary (CONT)

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
312 Accounts Payable - <= 90 Days	\$2,870	\$162			\$1,122	\$4,154		\$4,154
321 Accrued Wage/Payroll Taxes Payable	\$3,993	\$49			\$17	\$4,059		\$4,059
322 Accrued Compensated Absences - Current Portion	\$3,817					\$3,817		\$3,817
325 Accrued Interest Payable					\$33	\$33		\$33
331 Accounts Payable - HUD PHA Programs	\$3,236					\$3,236		\$3,236
333 Accounts Payable - Other Government	\$20,691				\$19,048	\$39,739		\$39,739
341 Tenant Security Deposits	\$11,200				\$1,650	\$12,850		\$12,850
342 Unearned Revenue	\$0				\$30,000	\$30,000		\$30,000
346 Accrued Liabilities - Other	\$394				\$34	\$428		\$428
347 Inter Program - Due To					\$191,187	\$191,187	-\$191,187	\$0
348 Loan Liability - Current					\$4,709	\$4,709		\$4,709
310 Total Current Liabilities	\$46,201	\$211	\$0	\$0	\$247,800	\$294,212	-\$191,187	\$103,025
354 Accrued Compensated Absences - Non Current	\$6,601					\$6,601		\$6,601
355 Loan Liability - Non Current					\$38,027	\$38,027		\$38,027
350 Total Non-Current Liabilities	\$6,601	\$0	\$0	\$0	\$38,027	\$44,628	\$0	\$44,628
300 Total Liabilities	\$52,802	\$211	\$0	\$0	\$285,827	\$338,840	-\$191,187	\$147,653
508.4 Net Investment in Capital Assets	\$321,013				\$319,162	\$640,175		\$640,175
511.4 Restricted Net Position	\$3,499				\$720,599	\$724,098		\$724,098
512.4 Unrestricted Net Position	\$255,075	-\$868	\$0	\$0	-\$175,585	\$78,622		\$78,622
513 Total Equity - Net Assets / Position	\$576,088	\$2,631	\$0	\$0	\$864,176	\$1,442,895	\$0	\$1,442,895
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$628,890	\$2,842	\$0	\$0	\$1,150,003	\$1,781,735	-\$191,187	\$1,590,548

**Whitefish Housing Authority (MT015)  
Whitefish, MT**

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2014

	Project Total	14.871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$202,814				\$9,700	\$212,514		\$212,514
70400 Tenant Revenue - Other	\$5,312					\$5,312		\$5,312
70500 Total Tenant Revenue	\$208,126	\$0	\$0	\$0	\$9,700	\$217,826	\$0	\$217,826
70600 HUD PHA Operating Grants	\$123,000	\$79,213				\$202,213		\$202,213
70610 Capital Grants	\$3,644			\$95,222		\$3,644		\$3,644
70800 Other Government Grants						\$95,222		\$95,222
71100 Investment Income - Unrestricted	\$285					\$285		\$285
71500 Other Revenue	\$5,056		\$3,676		\$19,012	\$27,744		\$27,744
71600 Gain or Loss on Sale of Capital Assets	-\$329					-\$329		-\$329
70000 Total Revenue	\$338,782	\$79,213	\$3,676	\$95,222	\$28,712	\$546,605	\$0	\$546,605
91100 Administrative Salaries	\$60,437	\$3,000			\$819	\$64,256		\$64,256
91200 Auditing Fees	\$5,011	\$317			\$1,016	\$6,344		\$6,344
91400 Advertising and Marketing	\$169	\$7				\$176		\$176
91500 Employee Benefit Contributions - Administrative	\$19,120	\$790			\$164	\$20,074		\$20,074
91600 Office Expenses	\$11,541	\$797			\$446	\$12,784		\$12,784
91700 Legal Expense	\$101				\$132	\$233		\$233
91800 Travel	\$592					\$592		\$592
91900 Other	\$3,251	\$815			\$2,507	\$6,573		\$6,573
91000 Total Operating - Administrative	\$100,222	\$5,726	\$0	\$0	\$5,084	\$111,032	\$0	\$111,032
92400 Tenant Services - Other	\$453					\$453		\$453
92500 Total Tenant Services	\$453	\$0	\$0	\$0	\$0	\$453	\$0	\$453
93100 Water	\$8,403				\$249	\$8,652		\$8,652
93200 Electricity	\$12,238				\$985	\$13,223		\$13,223
93300 Gas	\$12,796				\$202	\$12,998		\$12,998
93600 Sewer	\$4,167					\$4,167		\$4,167
93000 Total Utilities	\$37,604	\$0	\$0	\$0	\$1,436	\$39,040	\$0	\$39,040
94100 Ordinary Maintenance and Operations - Labor	\$30,953					\$30,953		\$30,953
94200 Ordinary Maintenance and Operations - Materials and Other	\$6,235				\$1,797	\$8,032		\$8,032
94300 Ordinary Maintenance and Operations Contracts	\$27,665				\$86	\$27,751		\$27,751
94500 Employee Benefit Contributions - Ordinary Maintenance	\$9,927					\$9,927		\$9,927
94000 Total Maintenance	\$74,780	\$0	\$0	\$0	\$1,883	\$76,663	\$0	\$76,663

**Whitefish Housing Authority (MT015)  
Whitefish, MT**

**Entity Wide Revenue and Expense Summary (CONTD)**

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	6.2 Component Unit - Blended	2 State/Local	1 Business Activities	Subtotal	ELIM	Total
96110 Property Insurance	\$7,127				\$335	\$7,462		\$7,462
96120 Liability Insurance	\$1,807				\$75	\$1,882		\$1,882
96100 Total Insurance Premiums	\$8,934	\$0	\$0	\$0	\$410	\$9,344	\$0	\$9,344
96200 Other General Expenses			\$1,903	\$1,518	\$682	\$4,103		\$4,103
96210 Compensated Absences	\$7,958					\$7,958		\$7,958
96300 Payments in Lieu of Taxes	\$8,020				\$4,151	\$12,171		\$12,171
96400 Bad debt - Tenant Rents	\$1,657					\$1,657		\$1,657
96000 Total Other General Expenses	\$17,635	\$0	\$1,903	\$1,518	\$4,833	\$25,889	\$0	\$25,889
96720 Interest on Notes Payable (Short and Long Term)					\$861	\$861		\$861
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$861	\$861	\$0	\$861
96900 Total Operating Expenses	\$239,628	\$5,726	\$1,903	\$1,518	\$14,507	\$263,282	\$0	\$263,282
97000 Excess of Operating Revenue over Operating Expenses	\$100,154	\$73,487	\$1,773	\$93,704	\$14,205	\$283,323	\$0	\$283,323
97300 Housing Assistance Payments		\$72,066				\$72,066		\$72,066
97400 Depreciation Expense	\$44,106				\$2,497	\$46,603		\$46,603
90000 Total Expenses	\$283,734	\$77,792	\$1,903	\$1,518	\$17,004	\$381,951	\$0	\$381,951
10010 Operating Transfer In	\$96,193		\$22,049		\$93,704	\$211,946	-\$211,946	\$0
10020 Operating Transfer Out	-\$92,517		-\$3,676	-\$93,704	-\$22,049	-\$211,946	\$211,946	\$0
10080 Special Items (Net Gain/Loss)	\$639					\$639		\$639
10100 Total Other financing Sources (Uses)	\$4,315	\$0	\$18,373	-\$93,704	\$71,655	\$639	\$0	\$639
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$60,363	\$1,421	\$20,146	\$0	\$83,363	\$165,293	\$0	\$165,293
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$4,613	\$4,613		\$4,613
11030 Beginning Equity	\$515,725	\$1,210	\$0	\$0	\$780,813	\$1,297,748		\$1,297,748
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		-\$20,146		\$0	-\$20,146		-\$20,146
11170 Administrative Fee Equity		-\$868				-\$868		-\$868
11180 Housing Assistance Payments Equity		\$3,499				\$3,499		\$3,499
11190 Unit Months Available	600	192	0		14	806		806
11210 Number of Unit Months Leased	596	176	0		14	786		786
11270 Excess Cash	\$235,552					\$235,552		\$235,552
11620 Building Purchases	\$7,321					\$7,321		\$7,321

**Whitefish Housing Authority (MT015)  
Whitefish, MT**

**Single Project Revenue and Expense**

Submission Type: Audited/Non-A-133

Fiscal Year End: 06/30/2014

Project: MT015000001 MOUNTAIN VIEW MANOR

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$202,814		\$202,814
70400 Tenant Revenue - Other	\$5,312		\$5,312
70500 Total Tenant Revenue	\$208,126	\$0	\$208,126
70600 HUD PHA Operating Grants	\$30,483	\$92,517	\$123,000
70610 Capital Grants		\$3,644	\$3,644
71100 Investment Income - Unrestricted	\$285		\$285
71500 Other Revenue	\$5,056		\$5,056
71600 Gain or Loss on Sale of Capital Assets	-\$329		-\$329
70000 Total Revenue	\$243,621	\$96,161	\$339,782
91100 Administrative Salaries	\$60,437		\$60,437
91200 Auditing Fees	\$5,011		\$5,011
91400 Advertising and Marketing	\$169		\$169
91500 Employee Benefit contributions - Administrative	\$19,120		\$19,120
91600 Office Expenses	\$11,541		\$11,541
91700 Legal Expense	\$101		\$101
91800 Travel	\$592		\$592
91900 Other	\$3,251		\$3,251
91000 Total Operating - Administrative	\$100,222	\$0	\$100,222
92400 Tenant Services - Other	\$453		\$453
92500 Total Tenant Services	\$453	\$0	\$453
93100 Water	\$8,403		\$8,403
93200 Electricity	\$12,238		\$12,238
93300 Gas	\$12,796		\$12,796
93600 Sewer	\$4,167		\$4,167
93000 Total Utilities	\$37,604	\$0	\$37,604
94100 Ordinary Maintenance and Operations - Labor	\$30,953		\$30,953
94200 Ordinary Maintenance and Operations - Materials and Other	\$6,235		\$6,235
94300 Ordinary Maintenance and Operations Contracts	\$27,665		\$27,665
94500 Employee Benefit Contributions - Ordinary Maintenance	\$9,927		\$9,927
94000 Total Maintenance	\$74,780	\$0	\$74,780
96110 Property Insurance	\$7,127		\$7,127
96120 Liability Insurance	\$1,807		\$1,807
96100 Total insurance Premiums	\$8,934	\$0	\$8,934
96210 Compensated Absences	\$7,958		\$7,958
96300 Payments in Lieu of Taxes	\$8,020		\$8,020
96400 Bad debt - Tenant Rents	\$1,657		\$1,657
96000 Total Other General Expenses	\$17,635	\$0	\$17,635
96900 Total Operating Expenses	\$239,628	\$0	\$239,628
97000 Excess of Operating Revenue over Operating Expenses	\$3,993	\$96,161	\$100,154
97400 Depreciation Expense	\$44,108		\$44,108
90000 Total Expenses	\$283,734	\$0	\$283,734
10010 Operating Transfer In	\$96,193		\$96,193
10020 Operating transfer Out		-\$92,517	-\$92,517
10080 Special Items (Net Gain/Loss)	\$639		\$639
10100 Total Other financing Sources (Uses)	\$96,832	-\$92,517	\$4,315
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$56,719	\$3,644	\$60,363
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$515,725	\$0	\$515,725
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$3,644	-\$3,644	\$0
11190 Unit Months Available	600		600
11210 Number of Unit Months Leased	596		596
11270 Excess Cash	\$235,552		\$235,552
11620 Building Purchases	\$3,677	\$3,644	\$7,321

**GOVERNMENT AUDITING STANDARDS SECTION**

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

**Independent Auditors Report**

To the Board of Commissioners  
Whitefish Housing Authority

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 basic financial statements of the Whitefish Housing Authority, Whitefish, Montana, as of and for the year ended June 30, 2014, and the related notes to the basic financial statements, which collectively comprise the Whitefish Housing Authority's basic financial statements, and have issued our report thereon dated February 9, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered the Whitefish Housing 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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Whitefish Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Whitefish Housing Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonably possibility that a material misstatement of the entity's basic 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the 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 Whitefish Housing Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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.

*Niewedde & Wiens, CPA's*

York, Nebraska  
February 9, 2015

**WHITEFISH HOUSING AUTHORITY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**June 30, 2014**

The audit report for the year ended June 30, 2013 contained three findings. The status of these findings are as follows:

**Finding 2013-1, Ineffective Oversight over Financial Reporting** – This finding has been cleared in the current year.

**Finding 2013-2, Public Housing Program** – In previous year the Authority had used Public Housing Funds in the amount of \$190,593 for non-Public Housing Programs. Subsequent the fiscal year, the Authority sold a non HUD property and paid back the Public Housing Program the entire questioned costs accumulated from previous years. This finding has been cleared.

**Finding 2013-3, Financial Condition, Public Housing Program** – This finding has been cleared in the current year.