

GREAT FALLS HOUSING AUTHORITY

GREAT FALLS, MONTANA

FINANCIAL STATEMENTS

AS OF

MARCH 31, 2015

Our reports are issued with the understanding that, without our consent, they may be reproduced only in their entirety. Should it be desired to issue or publish a condensation or a portion of this report and our name is to be used in connection therewith, our approval must first be secured.

Douglas Wilson & Company, P.C.

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	3-5
MANAGEMENT'S DISCUSSION AND ANALYSIS	6-11
STATEMENT OF NET POSITION AS OF MARCH 31, 2015.....	12-13
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION FOR THE YEAR ENDED MARCH 31, 2015.....	14-15
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2015	16-17
NOTES TO THE FINANCIAL STATEMENTS.....	18-28
<u>SUPPLEMENTARY INFORMATION</u>	
SUPPLEMENTAL DATA – FINANCIAL DATA SCHEDULE AS OF MARCH 31, 2015	29-34
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	35
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	36
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 <i>GOVERNMENT AUDITING STANDARDS</i>	37-38
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	39-40
SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED MARCH 31, 2015.....	41-42
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	43



Douglas **WILSON**
and Company, PC

To the Board of Commissioners
Great Falls Housing Authority
Great Falls, Montana

Randal J. Boysun, CPA
Gerard K. Schmltz, CPA
Michael A. Diekhans, CPA
Myra L. Bakke, CPA

Douglas N. Wilson, CPA
Bruce H. Gaare, CPA
Dixie L. Swanson, CPA

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying basic financial statements of each major fund of Great Falls Housing Authority, HUD Project No. 093-44005-LDC, as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Great Falls Housing 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.

Auditor's 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 of 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 auditor's 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 each major fund of Great Falls Housing Authority, HUD Project No. 093-44005-LDC, as of March 31, 2015, and the respective changes in financial position, cash flows thereof for the year 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 on pages 6 through 11 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 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 opinions on the financial statements as a whole. The accompanying supplementary information shown on pages 29 to 34 is presented for purposes of additional analysis as required by the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards shown on pages 35 to 36, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 13, 2015, on our consideration of Great Falls Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Great Falls Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Douglas Wilson + Company, P.C." The signature is written in a cursive, flowing style.

Great Falls, Montana
July 13, 2015

**GREAT FALLS HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2015**

This discussion and analysis of Great Falls Housing Authority provides a narrative overview and analysis of the financial activity of the Authority for the year ended March 31, 2015. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements.

FINANCIAL HIGHLIGHTS

Net position of the Authority decreased \$465,076 as of March 31, 2015.

Capital grants of the Authority increased \$748,642 from the prior year.

The Authority had intergovernmental revenues consisting of HUD Low Rent operating grants of \$1,257,754, HUD Section 8 Housing Choice Voucher Program operating grants of \$489,919, HUD Capital Fund capital grants of \$1,081,591 for the year ended March 31, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of three parts - management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in fund net position, and statement of cash flows. Since the Authority has only enterprise funds, the entity-wide and the fund presentation information is the same.

The basic financial statements consist of fund financial statements of the Authority's major and non-major enterprise funds, which operate similar to business activities and for which the Authority follows an accrual basis of accounting.

The basic financial statements also include a "Notes to Financial Statements" section that explains some of the information in the fund financial statements and provides more detailed data.

The Notes to Financial Statements are followed by a "Supplementary Information" section, which presents the financial data schedule of the Authority required by the U.S. Department of Housing and Urban Development (HUD) and the Schedule of Expenditures of Federal Awards.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of these statements. The prior year results referred to throughout this section for comparison purposes are as previously reported.

Basic Financial Statements

The basic financial statements provide detailed information about the Authority's most significant funds.

The Authority has one kind of fund:

Enterprise Funds - The Authority's activities are in its enterprise funds, activities that are accounted for in a manner similar to businesses operating in the public sector. Funding has primarily arisen through HUD grant income. The net position of these funds represents accumulated earnings since their inception and are generally restricted for program purposes.

FINANCIAL ANALYSIS OF THE AUTHORITY

The following is management's representation of how the Authority performed during the fiscal year ended March 31, 2015, as compared to the fiscal year ended March 31, 2014:

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Assets			
Cash	\$ 2,218,754	\$ 2,527,250	\$ (308,496)
Short-Term Investments	2,956,365	2,938,581	17,784
Receivables, Net of Allowance	21,031	36,909	(15,878)
Other Assets	591,071	625,094	(34,023)
Capital Assets, Net	17,269,076	17,413,752	(144,676)
Total Assets	<u>\$ 23,056,297</u>	<u>\$ 23,541,586</u>	<u>\$ (485,289)</u>
Liabilities and Net Assets:			
Liabilities:			
Payables	\$ 6,070	\$ 426	\$ 5,644
Other Current Liabilities	144,803	142,901	1,902
Long-Term Debt, Net of Current Portion	635,672	667,536	(31,864)
Other Liabilities	336,149	332,044	4,105
Total Liabilities	<u>\$ 1,122,694</u>	<u>\$ 1,142,907</u>	<u>\$ (20,213)</u>
Net Position:			
Net Investment in Capital Assets	\$ 16,601,540	\$ 16,715,808	\$ (114,268)
Restricted Net Position	3,012	589,707	(586,695)
Unrestricted Net Position	5,329,051	5,093,164	235,887
Total Net Position	<u>\$ 21,933,603</u>	<u>\$ 22,398,679</u>	<u>\$ (465,076)</u>

The following table summarizes the changes in revenues and expenses between March 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Operating Revenue:			
Tenant Revenue	\$ 1,906,225	\$ 1,887,981	\$ 18,244
Governmental Operating Grants	1,747,673	2,238,354	(490,681)
Other Revenue	47,645	30,923	16,722
Total Operating Revenue	<u>3,701,543</u>	<u>4,157,258</u>	<u>(455,715)</u>

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Operating Expenses:			
Administrative	908,273	912,202	(3,929)
Tenant Services	14,860	20,684	(5,824)
Utilities	724,873	687,694	37,179
Maintenance	1,207,717	1,054,207	153,510
Other Operating Expenses	312,756	334,943	(22,187)
Depreciation	1,160,396	1,134,393	26,003
Housing Assistance Payments	951,225	945,474	5,751
Total Operating Expenses	<u>5,280,100</u>	<u>5,089,597</u>	<u>190,503</u>
Operating Loss	<u>(1,578,557)</u>	<u>(932,339)</u>	<u>(646,218)</u>
Nonoperating Revenue:			
Investment Income	31,890	47,726	(15,836)
Total Nonoperating Revenue	<u>31,890</u>	<u>47,726</u>	<u>(15,836)</u>
Loss before Capital Grants	<u>(1,546,667)</u>	<u>(884,613)</u>	<u>(662,054)</u>
Other Revenues and Gains:			
HUD Capital Grant Income	1,081,591	332,949	748,642
HUD HOME Grant Income	-	97,316	(97,316)
Transfers	-	-	-
Total Other Revenues and Gains	<u>1,081,591</u>	<u>430,265</u>	<u>651,326</u>
Change in Net Position	<u>(465,076)</u>	<u>(454,348)</u>	<u>(10,728)</u>
Ending Net Position	<u><u>\$ 21,933,603</u></u>	<u><u>\$ 22,398,679</u></u>	<u><u>\$ (465,076)</u></u>

A discussion of the change between the revenues and expenses for fiscal year 2015 compared to fiscal year 2014 is as follows:

- Tenant revenue increased by \$18,244. This is the result of increased occupancy and income of tenants.
- Governmental operating grant income decreased by \$490,681 due to reductions in Section 8 revenues.
- Other revenue had a \$16,722 increase.
- Administrative expenses decreased by \$3,929.
- Tenant services decreased by \$5,824. Tenant services consist of fees/charges incurred on behalf of the residents of the Authority.
- Utilities increased by \$37,179.

- Maintenance expense increased by \$153,510. Increases are due to increased vacancy.
- Other operating expenses decreased by \$22,187.
- Depreciation expenses had a \$26,003 increase.
- Housing assistance payments increased \$5,751.
- Investment income decreased by \$15,836 due to interest rates being very low.
- HUD capital grant income increased by \$748,642. This is due to the timing of construction projects.

CAPITAL ASSETS

The following table summarizes the changes in capital assets between March 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Land	\$ 916,316	\$ 916,316	\$ -
Building and Improvements	9,730,684	9,730,684	-
Equipment	489,436	482,237	7,199
Leasehold Improvements	26,684,716	25,686,068	998,648
Construction in Progress	80,459	70,587	9,872
Accumulated Depreciation	<u>(20,632,535)</u>	<u>(19,472,140)</u>	<u>(1,160,395)</u>
Net Capital Assets	<u>\$ 17,269,076</u>	<u>\$ 17,413,752</u>	<u>\$ (144,676)</u>

The changes in capital assets are largely due to work on Parkdale, less current depreciation expense.

LONG-TERM DEBT

Long-term debt (net of current portion), consisting of a Montana Board of Housing loan, decreased \$4,815 during the year ended March 31, 2015. See the long-term liabilities note to the financial statements for specific information regarding this long-term debt.

CURRENTLY KNOWN FACTS AND/OR CONDITIONS/EXPECTATIONS

Main Site/Parkdale (Future Substantial Renovation)

The main site contains a total of 356 units with some of the infrastructure dating back to 1939. Of these units, 218 have been substantially renovated in previous years. The second phase of this project consisted of one 4-plex for which renovation has been completed. Eighteen of the units in the first and second phase have been occupied.

Phase III consists of two 2-plexes. Asbestos testing has been done and the proper abatement completed followed by clearance testing. The selective interior demo to take the interior portion of the units down to the studs has been completed.

The units will then be rebuilt with new kitchens, bathrooms, flooring, heating systems, plumbing, electrical, roofing, siding, windows, doors, etc. It is anticipated that this project will take approximately twelve months once construction starts.

GFHA will continue to secure Capital Funding for the Parkdale Renovation.

Main Site/Parkdale (Infrastructure)

Phase III of the major infrastructure in Parkdale located on 7th Ave South consists of replacing all 1939 infrastructure. This will include water, sewer, electric, phone and cable services. This project is expected to take approximately four months once construction starts.

Holland Court

Phase I consists of designing and bidding the parking and concrete replacement needed at Holland Court if the CDBG funding is approved by the City Commission.

Section Eight Housing Choice Voucher

The GFHA will continue its partnership with NeighborWorks Great Falls and fine tune the newly developed Housing Authority/NeighborWorks Section Eight Housing Choice Voucher's Homeownership program. We are hoping to put three to five families in homeownership next year.

Community Policing

The Community Policing Program consisted of one contracted City Police Officer. With this beneficial program in place, it is well worth noting that when the Community Policing program began in August 1990, there were 191 calls generating crime reports in the Parkdale area, while in August 2014 there were only 79 calls generating crime reports.

PYAC

PYAC (Parkdale Youth Activity Club) has been organized by the Housing Authority police officers as a means of interacting with Public Housing and Section 8 program youth. Approximately fifty kids are enrolled in PYAC. The grade school children will meet one day of the month while the middle school and high school children meet on another day during the month at Dronen Hall. The Housing Authority provides dinner and activities, which includes the officers' taking the kids on off-site outings such as skiing, bowling, roller-skating, movies, etc.

Boys and Girls Club of Cascade County

The Great Falls Housing Authority sponsors the Housing Authority children for the summer recreation program run by the Boys and Girls Club at a cost of \$45 per week per child for ten weeks. In FYE 2015, GFHA paid summer program fees totaling \$8,100. In addition, the Authority pays the annual Boys and Girls Club membership fee of \$20 per child. In FY 2015, the GFHA did not pay any membership fees. The GFHA Board of Commissioners feels strongly about providing our youth with positive recreational opportunities and the Boys and Girls club has been an effective partner.

Little Buddies Play Group

Little Buddies is a free play group sponsored by Great Falls Public Schools in partnership with the Great Falls Housing Authority for low-income families with children ages 2 to 4 years old. The Authority provides the meeting space and covers the cost of lunch, which is provided by the Great Falls Rescue Mission. The group meets once a month at Dronen Hall.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. If you have any questions concerning any of the information provided in this report or would like to request additional information contact Executive Director, Great Falls Housing Authority, 1500 Chowen Springs Loop, Great Falls, MT 59405.

GREAT FALLS HOUSING AUTHORITY

GREAT FALLS, MONTANA

HUD PROJECT NO. 093-44005-LDC

STATEMENT OF NET POSITION AS OF MARCH 31, 2015

	Low Rent	Section 8 Housing Choice Voucher Program	Business Activities	Total
Assets				
Current Assets				
Cash, Unrestricted	\$ 1,545,731	\$ 88,667	\$ 430,499	\$ 2,064,897
Short-Term Investments	2,956,226	-	139	2,956,365
Accounts Receivable, Net of Allowance	20,110	241	680	21,031
Note Receivable, Current	-	-	26,752	26,752
Prepays and Other Assets	25,350	976	42,960	69,286
Inventories	64,086	-	-	64,086
Total Current Assets	<u>4,611,503</u>	<u>89,884</u>	<u>501,030</u>	<u>5,202,417</u>
Noncurrent Assets				
Note Receivable, Non-Current	-	-	430,947	430,947
Depreciable Capital Assets, Net	13,665,891	-	2,606,410	16,272,301
Land	638,144	-	278,172	916,316
Construction in Progress	80,459	-	-	80,459
	<u>14,384,494</u>	<u>-</u>	<u>3,315,529</u>	<u>17,700,023</u>
Cash, Restricted for HAP	-	3,012	-	3,012
Cash, Restricted for Tenant Security Deposits	138,545	-	12,300	150,845
	<u>138,545</u>	<u>3,012</u>	<u>12,300</u>	<u>153,857</u>
Total Noncurrent Assets	<u>14,523,039</u>	<u>3,012</u>	<u>3,327,829</u>	<u>17,853,880</u>
Total Assets	<u>19,134,542</u>	<u>92,896</u>	<u>3,828,859</u>	<u>23,056,297</u>

See accompanying notes to financial statements.

GREAT FALLS HOUSING AUTHORITY

GREAT FALLS, MONTANA

HUD PROJECT NO. 093-44005-LDC

STATEMENT OF NET POSITION AS OF MARCH 31, 2015

	<u>Low Rent</u>	<u>Section 8 Housing Choice Voucher Program</u>	<u>Business Activities</u>	<u>Total</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 6,032	\$ -	\$ 38	\$ 6,070
Accrued Liabilities	76,855	-	11,631	88,486
Prepaid Rent	20,418	-	4,035	24,453
Current Portion of Long-Term Debt	-	-	31,864	31,864
Current Portion of Accrued Compensated Absences	31,191	2,696	166	34,053
Tenant Security Deposits	138,545	-	12,300	150,845
Total Current Liabilities	<u>273,041</u>	<u>2,696</u>	<u>60,034</u>	<u>335,771</u>
Long-Term Liabilities				
Long-term Debt, Net of Current Portion	-	-	635,672	635,672
Accrued Compensated Absences, Net of Current Portion	135,028	15,279	944	151,251
Other Non-Current Liabilities	-	-	-	-
Total Long-Term Liabilities	<u>135,028</u>	<u>15,279</u>	<u>636,616</u>	<u>786,923</u>
Total Liabilities	<u>408,069</u>	<u>17,975</u>	<u>696,650</u>	<u>1,122,694</u>
Net Position				
Net Investment in Capital Assets	14,384,494	-	2,217,046	16,601,540
Restricted for HAP	-	3,012	-	3,012
Unrestricted	4,341,979	71,909	915,163	5,329,051
Total Net Position	<u>\$ 18,726,473</u>	<u>\$ 74,921</u>	<u>\$ 3,132,209</u>	<u>\$ 21,933,603</u>

See accompanying notes to financial statements.

GREAT FALLS HOUSING AUTHORITY

GREAT FALLS, MONTANA

HUD PROJECT NO. 093-44005-LDC

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED MARCH 31, 2015**

	<u>Low Rent</u>	<u>Section 8 Housing Choice Voucher Program</u>	<u>Business Activities</u>	<u>Total</u>
Operating Revenues				
Dwelling Rent	\$ 1,507,383	\$ -	\$ 183,377	\$ 1,690,760
Excess Utilities	210,274	-	5,191	215,465
HUD Grant Income	1,257,754	489,919	-	1,747,673
Other Income	45,645	-	2,000	47,645
Interprogram Fee Income	-	-	-	-
Total Operating Revenues	<u>3,021,056</u>	<u>489,919</u>	<u>190,568</u>	<u>3,701,543</u>
Operating Expenses				
Administrative Salaries	398,090	50,313	7,718	456,121
Accounting and Auditing Fees	7,071	3,084	322	10,477
Employee Benefits - Administration	168,212	21,573	3,414	193,199
Other Administrative Expenses	243,181	725	4,570	248,476
Tenant Services - Other	14,760	100	-	14,860
Water	197,126	-	13,832	210,958
Electricity	251,150	-	4,305	255,455
Gas	249,049	-	590	249,639
Other Utilities	8,492	-	329	8,821
Ordinary Maintenance – Labor	592,150	-	-	592,150
Ordinary Maintenance - Materials	230,267	-	10,492	240,759
Ordinary Maintenance - Contract Costs	356,058	-	18,750	374,808
Protective Services	82,598	-	-	82,598
Insurance Premiums	83,867	5,495	6,693	96,055
Other General Expenses	16,052	685	2,454	19,191
Payments in Lieu of Taxes	76,855	-	11,631	88,486
Interest Expense	-	-	26,426	26,426
Depreciation	1,072,364	-	88,032	1,160,396
Housing Assistance Payments	-	951,225	-	951,225
Total Operating Expenses	<u>4,047,342</u>	<u>1,033,200</u>	<u>199,558</u>	<u>5,280,100</u>
Operating Income (Loss)	<u>(1,026,286)</u>	<u>(543,281)</u>	<u>(8,990)</u>	<u>(1,578,557)</u>
Nonoperating Revenues				
Investment Income	17,986	80	13,824	31,890
Total Nonoperating Revenues	<u>17,986</u>	<u>80</u>	<u>13,824</u>	<u>31,890</u>
Loss Before Other Revenues, Expenses, Gains, Losses, and Transfers	<u>(1,008,300)</u>	<u>(543,201)</u>	<u>4,834</u>	<u>(1,546,667)</u>

See accompanying notes to financial statements.

GREAT FALLS HOUSING AUTHORITY

GREAT FALLS, MONTANA

HUD PROJECT NO. 093-44005-LDC

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED MARCH 31, 2015**

	<u>Low Rent</u>	<u>Section 8 Housing Choice Voucher Program</u>	<u>Business Activities</u>	<u>Total</u>
Other Revenues and Transfers				
HUD Capital Grant Income	\$ 1,081,591	\$ -	\$ -	\$ 1,081,591
HUD HOME Grant Income	-	-	-	-
Transfers	<u>105,538</u>	<u>(64,166)</u>	<u>(41,372)</u>	<u>-</u>
Total Other Revenues and Transfers	<u>1,187,129</u>	<u>(64,166)</u>	<u>(41,372)</u>	<u>1,081,591</u>
Change in Net Position	178,829	(607,367)	(36,538)	(465,076)
Total Net Position, Beginning of Year	<u>18,547,644</u>	<u>682,288</u>	<u>3,168,747</u>	<u>22,398,679</u>
Total Net Position, End of Year	<u>\$ 18,726,473</u>	<u>\$ 74,921</u>	<u>\$ 3,132,209</u>	<u>\$ 21,933,603</u>

See accompanying notes to financial statements.

GREAT FALLS HOUSING AUTHORITY
GREAT FALLS, MONTANA
HUD PROJECT NO. 093-44005-LDC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	Low Rent	Section 8 Housing Choice Voucher Program	Business Activities	Total
Cash Flows from Operating Activities				
Cash Receipts from Customers	\$ 1,522,740	\$ -	\$ 188,174	\$ 1,710,914
Excess Utilities	210,274	-	5,191	215,465
HUD Grant Income	1,257,754	489,678	-	1,747,432
Other Income	45,645	-	2,000	47,645
	<u>3,036,413</u>	<u>489,678</u>	<u>195,365</u>	<u>3,721,456</u>
Cash Payments to Employees	(1,162,465)	(69,951)	(11,024)	(1,243,440)
Cash Payments to Suppliers	(1,800,702)	(10,537)	(103,005)	(1,914,244)
Housing Assistance Payments	-	(951,225)	-	(951,225)
	<u>(2,963,167)</u>	<u>(1,031,713)</u>	<u>(114,029)</u>	<u>(4,108,909)</u>
Net Cash Provided (Used) by Operating Activities	73,246	(542,035)	81,336	(387,453)
Cash Flows from Investing Activities				
Investment Income	17,986	80	13,824	31,890
Tenant Security Deposits	5,075	-	1,000	6,075
MBOH Reserve Deposits	-	-	(2,280)	(2,280)
Net Cash Provided by Investing Activities	<u>23,061</u>	<u>80</u>	<u>12,544</u>	<u>35,685</u>
Cash Flows from Capital and Related Financing Activities				
HUD Capital Grant Income	1,081,591	-	-	1,081,591
HUD Home Grant Income	-	-	-	-
Payments on Long-Term Debt	-	-	(4,815)	(4,815)
Construction in Progress	(9,872)	-	-	(9,872)
Purchase of Capital Assets	(994,462)	-	(11,386)	(1,005,848)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>77,257</u>	<u>-</u>	<u>(16,201)</u>	<u>61,056</u>
Cash Flows from Noncapital Financing Activities				
Transfers In (Out)	<u>105,538</u>	<u>(64,166)</u>	<u>(41,372)</u>	<u>-</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>105,538</u>	<u>(64,166)</u>	<u>(41,372)</u>	<u>-</u>
Net Increase (Decrease) in Cash	279,102	(606,121)	36,307	(290,712)
Cash, Beginning of Year	<u>4,361,400</u>	<u>697,800</u>	<u>406,631</u>	<u>5,465,831</u>
Cash, End of Year	<u><u>\$ 4,640,502</u></u>	<u><u>\$ 91,679</u></u>	<u><u>\$ 442,938</u></u>	<u><u>\$ 5,175,119</u></u>

See accompanying notes to financial statements.

GREAT FALLS HOUSING AUTHORITY
GREAT FALLS, MONTANA
HUD PROJECT NO. 093-44005-LDC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	<u>Low Rent</u>	<u>Section 8 Housing Choice Voucher Program</u>	<u>Business Activities</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ (1,026,286)	\$ (543,281)	\$ (8,990)	\$ (1,578,557)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	1,072,364	-	88,032	1,160,396
Changes in Assets and Liabilities				
Receivables, Net	15,357	(241)	762	15,878
Prepaid Expenses	(1,992)	(22)	-	(2,014)
Inventory	12,724	-	-	12,724
Accounts Payable	6,032	(426)	11,669	17,275
Accrued Liabilities	668	-	(14,280)	(13,612)
Prepaid Rent	(1,608)	-	4,035	2,427
Compensated Absences	(4,013)	1,935	108	(1,970)
Net Cash Provided (Used) by Operating Activities	<u>\$ 73,246</u>	<u>\$ (542,035)</u>	<u>\$ 81,336</u>	<u>\$ (387,453)</u>
Cash Consists of:				
Cash, Unrestricted	\$ 1,545,731	\$ 88,667	\$ 430,499	\$ 2,064,897
Short-Term Investments	2,956,226	-	139	2,956,365
Cash, Restricted	138,545	3,012	12,300	153,857
	<u>\$ 4,640,502</u>	<u>\$ 91,679</u>	<u>\$ 442,938</u>	<u>\$ 5,175,119</u>

SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

The Authority had no noncash investing and financing activities for the year ended March 31, 2015.

GREAT FALLS HOUSING AUTHORITY

GREAT FALLS, MONTANA

HUD PROJECT NO. 093-44005-LDC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following is a summary of Great Falls Housing Authority's significant accounting policies:

- a) **Nature of Operations** - Great Falls Housing Authority (the "Authority") is an independent authority providing safe, decent, sanitary, and affordable housing for low income residents of Great Falls, Montana. Created by Resolution 3077 of the City of Great Falls on May 9, 1938, the Authority sets policy for the operation and management of public housing properties, HUD, Section 8 Program, and other affordable housing programs.
- b) **Reporting Entity** - The financial statements of the Authority include the accounts of all housing authority operations for which the Board of Commissioners (appointed by the City Commission) establishes budgets and controls operations.

While the City Commission appoints the members of the Authority's Board of Commissioners, the Authority is considered a related organization, rather than a component unit, of the City of Great Falls. As the City is not able to impose its will on the Authority and there is no financial burden or benefit relationship between the City and the Authority, the Authority is a legally separate reporting entity.

- c) **Project Accounting** - The accounts of the Authority are organized on the basis of annual contribution contracts and the related projects. The operations of the projects are accounted for within a separate set of balancing accounts that comprise assets, liabilities, net position, income and expense.

Such operations are as follows:

- **Low Income Public Housing** - Low Income Public Housing consists of the following programs:
 - **Low Rent** - Funding for this project is acquired through advances from HUD. The objective of the program is to provide decent, safe, and sanitary housing and related facilities for eligible low-income families and the elderly. HUD makes grants to the Authority based on housing needs to ensure the lower income character of the project operated by the Authority. Included within Low Rent is the Capital Fund Program. There are 490 units available.
 - **Capital Fund Program** - The objective of this program is to make assistance available to public housing authorities to improve the physical condition of existing public housing developments, including the redesign, reconstruction, addition, and reconfiguration of public housing sites, buildings, facilities and/or

related improvements, and to provide public housing authorities with the opportunity to replace, build, or acquire units to house low-income families, including costs for planning, financing, land acquisition, demolition, and construction.

- **Section 8 Housing Choice Voucher Program** - The objective of the program is to help low-income families obtain decent, safe, and sanitary housing through a system of rental subsidies. HUD entered into an Annual Contributions Contract (ACC) with the Authority. The Authority enters into a housing assistance payment contract with owners of private dwellings. The owners rent housing to eligible low-income families who typically pay the highest of 30 percent of adjusted income, 10 percent of gross income, or the portion of welfare assistance designated to meet housing costs for rent. The Authority, in a housing assistance payment, pays the remaining portion of the rent for the unit to the owner.
- **Business Activities** - Business activities consist of the following programs:
 - **Great Falls Housing Authority** - These amounts reflect assets accumulated from a period of time when the Great Falls Housing Authority operated without funding or loan guarantees from HUD. It is currently used for expenditures and projects that do not fall under HUD guidelines.
 - **Holland Park I and Holland Park II** - These programs are non-HUD programs operated by the Great Falls Housing Authority and are classified as affordable housing projects. Each project consists of four handicap accessible units and twelve regular units. They were funded through the Federal Home Program and a combination of loans, grants, and money from the Great Falls Housing Authority fund. Under the Federal Home Affordable Housing Program, 20% of the units must be made available to people with income less than 50% of the median income and 80% of the units must be made available to people with income less than 60% of the median income. The units have a flat rent based upon local rents as determined by HUD guidelines. Each unit is subject to a \$300,000 second mortgage that has no interest and no payments required and will be forgiven at the end of 40 years provided the units remain classified as affordable housing.
 - **Sand Hills I and Sand Hills II** - These programs are non-HUD programs operated by the Great Falls Housing Authority and are classified as affordable housing projects. Each project consists of four handicap accessible units and twelve regular units. They were funded through the Federal HOME Program and a combination of loans, grants, and money from the Great Falls Housing Authority fund. Under the Federal HOME Affordable Housing Program, 20% of the units must be made available to people with income less than 50% of median income and 80% of the units must be made available to people with income less than 60% of the median income. The units have a flat rent based upon local rents as determined by HUD guidelines. Sand Hills I is subject to a \$323,000 first Sand Hills I and Sand Hills II - mortgage at 1.5% for 30 years. Sand Hills II is subject to a \$128,000 second mortgage at 5.5% for 20 years. The HOME Grant at 0.0% interest with no monthly payments will be forgiven at the end of 20 years.

d) **Basis of Presentation** - The Authority is characterized under GAS 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* as a special-purpose entity engaged only in business-type activities. Business-type activities are financed in whole or in part by fees charged to external parties. As such, only those financial statements required for enterprise funds under GAS 34 are included in the basic financial statements. Those basic financial statements, including the statement of net position, statement of revenues, expenses, and changes in fund net position, and statement of cash flows, are presented in a format defined under GAS 34 as fund financial statements.

- **Fund Financial Statements** - The emphasis of fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. There were no funds classified as nonmajor for the year ended March 31, 2015.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

e) **Measurement Focus/Basis of Accounting** - The basic financial statements of the Authority are reported using the economic resources measurement focus under the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

f) **Cash and Short-Term Investments** - Montana statutes authorize the Authority to invest in direct obligations of the United States Government and securities issued by agencies of the United States if the investment is a direct obligation of the agency; in savings or time deposits in a state or national bank, building or loan association, savings and loan association, or credit unions located in Montana; in investments of the Short-Term Investment Pool (STIP) managed by the Montana Board of Investments; or in repurchase agreements.

Investments of local governmental entities are subject to various risks. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Concentration of credit risk is the risk of loss attributed to the magnitude of a local government's investment in a single issuer. Custodial credit risk is the risk that in the event of a bank failure, the local government's deposits may not be returned to it. Of these risks, only custodial credit risk pertains to the types of investments held by the Authority during the year ended March 31, 2015.

Cash and short-term investments of the Authority as of March 31, 2015, consist of amounts held in interest-bearing checking accounts, repurchase agreement checking accounts, and certificates of deposit at First Interstate Bank and U S Bank, both located in Great Falls, Montana, and the Montana Board of Investments STIP.

- g) **Accounts Receivable** - Accounts receivable are recorded at cost. The Authority uses the allowance method to account for uncollectible tenant receivables. The allowance is based on management's estimate of possible bad debts. The allowance for doubtful accounts is \$6,045 at March 31, 2015. In accordance with GAS 34, bad debts of \$100,078 for the year ended March 31, 2015, have been netted against dwelling rent income, rather than reported in a separate bad debt expense account.
- h) **Inventories** - Inventories consist of operating supplies and are stated at the lower of cost or market value. Cost is determined using the first-in, first-out method.
- i) **Capital Assets** - Capital assets used in operations are recorded at historical cost, or estimated historical cost if historical cost is not available. The Authority has established a capitalization floor limit of \$5,000. Depreciation of capital assets is computed using the straight-line method at rates considered sufficient to prorate the cost of the property, plant, and equipment over the estimated useful life of the asset. Useful lives are estimated to be as follows:

Buildings	40 years
Improvements	25 years
Equipment	5-10 years
- j) **Net Position** - The unrestricted net positions of the Low Rent and the Section 8 Housing Choice Voucher Program are limited by HUD in their use to providing affordable housing to low income individuals and families. The unrestricted net position of the Business Activities funds has no HUD imposed limitations. The Authority first applies restricted resources when expenses are incurred in instances where either restricted or unrestricted can be used.
- k) **Statement of Cash Flows** - For purposes of the statement of cash flows, the Authority considers all highly liquid investments and investments with an original maturity of three months or less when purchased, to be cash equivalents. There are no cash equivalents at March 31, 2015.
- l) **Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND SHORT-TERM INVESTMENTS:

Cash is held in various checking accounts covered by FDIC insurance. All amounts over \$250,000 in any one financial institution are fully collateralized by United States Government Securities. The amount in excess of the insured limit as of March 31, 2015, totaled \$2,230,434.

Cash at March 31, 2015 consists of the following:

	Low Rent	Section 8 Housing Choice Voucher Program	Business Activities	Total
Petty Cash	\$ 395	\$ -	\$ 500	\$ 895
Checking Accounts	138,545	-	12,300	150,845
Repurchase Agreement Accounts	1,545,336	91,679	429,999	2,067,014
	<u><u>\$ 1,684,276</u></u>	<u><u>\$ 91,679</u></u>	<u><u>\$ 442,799</u></u>	<u><u>\$ 2,218,754</u></u>

	Low Rent	Section 8 Housing Choice Voucher Program	Business Activities	Total
Cash, Unrestricted	\$ 1,545,731	\$ 88,667	\$ 430,499	\$ 2,064,897
Cash, Restricted for HAP	-	3,012	-	3,012
Cash, Restricted for Tenant Security Deposits	138,545	-	12,300	150,845
	<u><u>\$ 1,684,276</u></u>	<u><u>\$ 91,679</u></u>	<u><u>\$ 442,799</u></u>	<u><u>\$ 2,218,754</u></u>

The Authority reserves cash in the amount of HAP equity as required by HUD. The HAP cash and equity balances are as follows:

HAP – Cash	<u><u>\$ 3,012</u></u>
HAP – Equity	<u><u>\$ 3,012</u></u>

Rental deposits are reserved until refunded to the tenant or used to cover expenses upon departure. The tenant security deposit cash and liability balances are as follows:

Tenant Security Deposits - Cash	<u><u>\$ 150,845</u></u>
Tenant Security Deposits - Liability	<u><u>\$ 150,845</u></u>

Short- term investments at March 31, 2015 consist of investments in the Montana Board of Investments STIP and certificates of deposit as follows, stated at cost:

	Interest Rate	Low Rent	Business Activities	Total
STIP	.1254	\$ 113,326	\$ -	\$ 113,326
Certificates of Deposits	0.25 -0.75%	2,842,900	139	2,843,039
		<u><u>\$ 2,956,226</u></u>	<u><u>\$ 139</u></u>	<u><u>\$ 2,956,365</u></u>

Under generally accepted accounting principles, the Authority is required to comply with GAS 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools." This pronouncement requires governmental entities to record certain investments in external investment pools at fair market value, rather than historical cost. Investment in STIP is classified as a "2a-7-like pool", which allows the investments to be reported at amortized cost, rather than fair value to report net assets. The portfolio is carried at amortized cost or book value with a constant unit value of \$1.00.

The STIP investments are purchased in accordance with the statutorily mandated "Prudent Expert Principle." The portfolio may include asset-backed securities, commercial paper, corporate, U.S. Government direct obligations, U.S. Government agency securities, repurchase agreements, institutional money market funds, certificates of deposit and variable-rate (floating rate) instruments. The purpose of STIP is the preservation of principal, while obtaining money market type returns and 24-hour liquidity. Investments must have a maximum maturity of 397 days or less unless they are a variable rate security. Asset-backed securities are debt securities collateralized by a pool of mortgage and non-mortgage assets such as trade and loan receivables, equipment leases, credit cards, and so forth. Commercial paper is unsecured short-term debt with maturities ranging from 1 to 270 days. U.S. Government direct obligations include direct obligations of the U.S. Treasury and obligations explicitly guaranteed by the U.S. Government. U.S. Government indirect-backed obligations include U.S. Government agency and mortgage-backed securities. Repurchase agreements (REPO) represent an agreement between a seller and a buyer, usually of U.S. Government securities, whereby the seller agrees to repurchase the securities at an agreed upon price and stated time. Variable-rate securities pay a variable rate of interest until maturity. The total investments credit quality rating for STIP is not rated.

The STIP portfolio's variable-rate securities reset to LIBOR. Detailed information of STIP investments as of March 31, 2015, is unavailable as the Board of Investments issues such information at its fiscal year end, which is June 30. Additional information and financial statements on the STIP portfolio can be obtained by contacting the Montana Board of Investments, 2401 Colonial Drive, 3rd Floor, Helena, MT 59620.

NOTE 3: ACCOUNTS RECEIVABLE:

Accounts receivable at March 31, 2015, consist of the following items:

	Low Rent	Section 8 Housing Choice Voucher Program	Business Activities	Total
Tenant / Client	\$ 23,523	\$ -	\$ 789	\$ 24,312
HUD	2,523	-	-	2,523
Other	-	241	-	241
	<u>26,046</u>	<u>241</u>	<u>789</u>	<u>27,076</u>
Less: Allowance for Doubtful Accounts	(5,936)	-	(109)	(6,045)
	<u><u>\$ 20,110</u></u>	<u><u>\$ 241</u></u>	<u><u>\$ 680</u></u>	<u><u>\$ 21,031</u></u>

NOTE 4: PREPAIDS AND OTHER ASSETS:

Prepaid payments and other assets at March 31, 2014, consist of the following:

Escrow Account	\$ 41,702
Prepaid Expenses	27,584
	<u>\$ 69,286</u>

NOTE 5: CAPITAL ASSETS:

A summary of changes in capital assets by program is as follows:

	<u>Balance 4/1/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/15</u>
Low Rent	\$ 33,301,839	\$ 1,004,335		\$ 34,306,174
Business Activities	3,584,053	11,385		3,595,438
	<u>36,885,892</u>	<u>1,015,720</u>	-	<u>37,901,612</u>
Accumulated Depreciation	<u>(19,472,140)</u>	<u>(1,160,396)</u>	-	<u>(20,632,536)</u>
	<u>\$ 17,413,752</u>	<u>\$ (1,160,396)</u>	<u>\$ -</u>	<u>\$ 17,269,076</u>

A summary of changes in capital assets by category is as follows:

	<u>Balance 4/1/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer In/Out</u>	<u>Balance 3/31/15</u>
Capital Assets, Not Being Depreciated:					
Land	\$ 916,316	\$ -	\$ -	\$ -	\$ 916,316
Construction in Progress	70,587	9,872	-	-	80,459
Total Capital Assets, Not Being Depreciated	<u>986,903</u>	<u>9,872</u>	<u>-</u>	<u>-</u>	<u>996,775</u>
Capital Assets, Being Depreciated					
Building and Improvements	9,730,684		-	-	9,730,684
Leasehold Improvements	25,686,068	998,648	-	-	26,684,716
Office Equipment	145,678		-	-	145,678
Maintenance Equipment	336,559	7,200	-	-	343,759
Total Capital Assets, Being Depreciated	<u>35,898,989</u>	<u>1,005,848</u>	<u>-</u>	<u>-</u>	<u>36,904,837</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(6,413,934)	(186,913)	-	-	(6,600,847)
Leasehold Improvements	(12,668,991)	(951,966)	-	-	(13,620,957)
Office Equipment	(46,814)	(4,645)	-	-	(51,459)
Maintenance Equipment	(342,401)	(16,872)	-	-	(359,273)
Total Accumulated Depreciation	<u>(19,472,140)</u>	<u>(1,160,396)</u>	<u>-</u>	<u>-</u>	<u>(20,632,536)</u>

Capital Assets, Being Depreciated, Net	16,426,849	(154,548)	-	-	16,272,301
Capital Assets, Net	<u>\$ 17,413,752</u>	<u>\$ (144,676)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,269,076</u>

NOTE 6: INTERFUND NOTES RECEIVABLE/PAYABLE:

Interfund note receivable/payable of \$29,053 in Holland is a loan from the Great Falls Housing Authority Project to the Holland Park II Project for the initial construction of Holland Park II. Interfund note receivable/payable of \$428,646 is a loan from the Great Falls Housing Authority Project to the Sand Hills Project for the initial construction of Sand Hills I and II.

Transfers were made between Low Rent, Section 8 and Business activities to the cost center, which is included in Low Rent, for asset management fees, management fees and bookkeeping fees, and other fees for services.

NOTE 7: ACCOUNTS PAYABLE:

Accounts payable at March 31, 2015, consist of the following:

	Low Rent	Section 8 Housing Choice Voucher Program	Business Activities	Total
Utilities and Vendors	\$ 6,032	\$ -	\$ 38	\$ 6,070
Other	-	-	-	-
	<u>\$ 6,032</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 6,070</u>

NOTE 8: ACCRUED LIABILITIES:

Accrued liabilities at March 31, 2015 consist of the following:

	Low Rent	Business Activities	Total
Payments in Lieu of Taxes	<u>\$ 76,855</u>	<u>\$ 11,631</u>	<u>\$ 88,486</u>

NOTE 9: LONG-TERM LIABILITIES:

The Authority has a Montana Board of Housing loan under the Holland Park Phase I Project with a remaining balance of \$209,837. The loan is secured by a first lien position on the real estate and improvements at Holland Park. The rate of interest is 6% and the monthly payments are \$1,464. The maturity date is April 1, 2036.

The following is a summary of long-term liability transactions for the fiscal year ended March 31, 2015:

<u>March 31,</u>	<u>Principal</u>	<u>Interest</u>
2016	5,112	12,451
2017	5,427	12,136
2018	5,762	11,801
2019	6,117	11,446
2020	6,895	10,667
Thereafter	180,524	101,943
	<u>\$ 209,837</u>	<u>\$ 160,444</u>

Accrued compensated absences representing vacation and sick leave benefits earned by employees and payable upon termination, have a balance of \$185,304 at March 31, 2015.

Total long-term liabilities are as follows:

	<u>Balance 4/1/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>3/31/15</u>
Montana Board of Housing Loan	\$ 214,652	\$ -	\$ (4,815)	\$ 209,837
Accrued Compensated Absences	187,271	-	(1,967) *	185,304
	<u>\$ 401,923</u>	<u>\$ -</u>	<u>\$ (6,782)</u>	<u>\$ 395,141</u>

* This is the net increase to accrued compensated absences.

Also included in long-term liabilities is \$457,699 in interfund notes payable. More is discussed in note 6 on interfund notes payable.

NOTE 10: RETIREMENT PLAN

The Authority participates in the following retirement plan:

Plan Description

Public Employees' Retirement System (PERS)

All employees of the Authority who work the equivalent of 120 working days or more in any fiscal year participate in the Public Employees' Retirement System (PERS). The PERS is a statewide retirement plan established in 1945 consisting of a defined benefit plan and a defined contribution plan, and is governed by Title 19, Chapters 2 and 3 of the Montana Code Annotated. PERS provides retirement services for substantially all public employees. The PERS is a mandatory multiple employer, cost sharing plan administered by the Public Employees' Retirement Division (PERD). New employees to the system have twelve months to decide whether to participate in the defined contribution plan or the defined benefit plan. If an election is not made within the twelve months, the employee must then participate in the defined benefit plan.

The PERS offers retirement, disability and death benefits to plan members and their beneficiaries. Benefit eligibility is age 60 with at least five years of service; age 65 regardless of service; or 30 years of service regardless of age. For those employees hired on or after July 1, 2011, benefit eligibility age is age 65 with at least 5 years of membership service; or age 70 regardless of membership service. Actuarial reduced benefits may be taken with 25 years of service or at age 50 with at least five years of service. For those employees hired on or after July 1, 2011, actuarially reduced benefits may be taken at age 55 with 5 years of membership service. Monthly retirement

benefits are determined by taking 1/56 times the number of years of service times the highest average salary, or for a member who has at least 25 years of membership service, taking 1/50 times the number of years of service times the highest average salary. Members' rights become vested after five years of service. The authority to establish, amend and provide cost of living adjustments for the plan is assigned to the Montana State Legislature.

The PERS financial information is reported in the Public Employees' Retirement Board's published "Comprehensive Annual Financial Report" for the fiscal year end. It is available from PERD at 1712 Ninth Avenue, P.O. Box 200131, Helena, MT 59620-0131, 406-444-3154.

Funding Policy

Authority to establish and amend contribution rates to the plan:	State legislature
Required plan member contributions (hired prior to 7/1/11):	6.9% of compensation
Required plan member contributions (hired after 7/1/11):	7.9% of compensation
Required employer contributions:	8.17% of compensation
Required state contributions:	0.1% of compensation

Required employer contributions received and percentage of required amount:

March 31, 2015	<u>\$ 79,931</u>	<u>100%</u>
March 31, 2014	<u>\$ 82,058</u>	<u>100%</u>
March 31, 2013	<u>\$ 72,115</u>	<u>100%</u>

NOTE 11: MANAGEMENT AGREEMENT:

The Authority is under contract with the City of Great Falls for professional management and staffing services. Under this contract, the City provides management, maintenance, and operation of projects owned by the Authority. The Authority reimburses the City for all personnel costs for staff. In addition, the Authority pays a management fee calculated at 25% of the personnel budget for the executive director assigned to the Authority. The management fee covers executive management and legal services. The management fee paid during the year totaled \$28,894.

NOTE 12: ECONOMIC DEPENDENCY:

Great Falls Housing Authority receives a substantial amount of grant revenue from the U.S. Department of Housing and Urban Development.

NOTE 13: CONTINGENCIES:

The Authority receives financial assistance from federal agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority.

NOTE 14: RISK MANAGEMENT

The Authority faces a considerable number of risks of loss, including damage to and loss of property and contents, employee torts, professional liability (i.e. errors and omissions), environmental damage, workers' compensation (i.e. employee injuries), and medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for property and content damage and professional liabilities. Given the lack of coverage available, no coverage has been obtained for potential losses from environmental damages. The Authority participates in the workers' compensation program administered by the State of Montana. Coverage limits and the deductibles in the commercial policies have stayed relatively constant for the last several years. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

NOTE 15: SUBSEQUENT EVENTS:

The entity has evaluated events and transactions that occurred from the date of the financial statements through July 13, 2015, which is the date that the financial statements were available to be issued. No subsequent events require adjustments to or disclosure in the financial statements.

GREAT FALLS HOUSING AUTHORITY

HUD PROJECT NO 093-44005-LDC

FINANCIAL DATA SCHEDULE AS OF MARCH 31, 2015

	GFHA	Holland	Sandhills	Total Business Activities	Section 8 Housing Choice Vouchers
111 Cash, Unrestricted	\$ 286,670	\$ 44,771	\$ 99,058	\$ 430,499	\$ 88,667
113 Cash, Other Restricted	-	-	-	-	3,012
114 Cash, Restricted Security Deposits	-	6,300	6,000	12,300	-
121 Accounts Receivable, Other	-	-	-	-	241
122 Accounts Receivable, HUD	-	-	-	-	-
124 Accounts Receivable, Government	-	-	-	-	-
126 Accounts Receivable, Tenants	-	367	422	789	-
126.1 Allowance for Doubtful Accounts, Tenants	-	(73)	(36)	(109)	-
127 Note Receivable, Current	26,752	-	-	26,752	-
131 Investment, Unrestricted	139	-	-	139	-
142 Prepaid Expenses and Other Assets	-	42,159	801	42,960	976
143 Inventories	-	-	-	-	-
171 Note Receivable, Noncurrent	430,947	-	-	430,947	-
161 Land	-	50,000	228,172	278,172	-
162 Buildings	75,125	957,749	2,219,046	3,251,920	-
164 Furniture, Equipment & Machinery, Admin	12,600	15,427	-	28,027	-
165 Leasehold Improvements	-	145,849	-	145,849	-
166 Accumulated Depreciation	(37,797)	(607,862)	(173,727)	(819,386)	-
167 Construction in Progress	-	-	-	-	-
190 Total	<u>\$ 794,436</u>	<u>\$ 654,687</u>	<u>\$ 2,379,736</u>	<u>\$ 3,828,859</u>	<u>\$ 92,896</u>
312 Accounts Payable	\$ -	\$ 38	\$ -	\$ 38	\$ -
322 Compensated Absences, Current	-	83	83	166	2,696
331 Accounts Payable, HUD	-	-	-	-	-
332 Accounts Payable, Other	-	-	-	-	-
333 Accounts Payable, Other Government	-	5,639	5,992	11,631	-
341 Tenant Security Deposits	-	6,300	6,000	12,300	-
342 Prepaid Rents	-	586	3,449	4,035	-
343 Long-Term Debt, Current	-	19,204	12,660	31,864	-
347 Interprogram Due To	-	-	-	-	-
351 Long-Term Debt	-	219,686	415,986	635,672	-
354 Compensated Absences	-	472	472	944	15,279
508.1 Invested in Capital Assets, Net of Related Debt	49,928	322,273	1,844,845	2,217,046	-
511.1 Restricted Net Assets	-	-	-	-	3,012
512.1 Unrestricted Net Assets	744,508	80,406	90,249	915,163	71,909
600 Total	<u>\$ 794,436</u>	<u>\$ 654,687</u>	<u>\$ 2,379,736</u>	<u>\$ 3,828,859</u>	<u>\$ 92,896</u>

GREAT FALLS HOUSING AUTHORITY

HUD PROJECT NO 093-44005-LDC

FINANCIAL DATA SCHEDULE AS OF MARCH 31, 2015

	<u>AMP 1</u>	<u>AMP 2</u>	<u>AMP 3</u>	<u>AMP 4</u>	<u>AMP 5</u>
111 Cash, Unrestricted	\$ 170,681	\$ 491,900	\$ 291,500	\$ 317,008	\$ 29,461
113 Cash, Other Restricted	-	-	-	-	-
114 Cash, Restricted Security Deposits	37,620	60,325	16,600	18,500	5,500
121 Accounts Receivable, Other	-	-	-	-	-
122 Accounts Receivable, HUD	2,523	-	-	-	-
124 Accounts Receivable, Government	-	-	-	-	-
126 Accounts Receivable, Tenants	5,602	7,524	7,550	2,256	591
126.1 Allowance for Doubtful Accounts, Tenants	(1,543)	(1,379)	(1,000)	(1,584)	(430)
127 Note Receivable, Current	-	-	-	-	-
131 Investment, Unrestricted	836,528	1,154,207	360,051	275,047	208,452
142 Prepaid Expenses and Other Assets	4,631	5,864	1,867	1,715	418
143 Inventories	-	-	-	-	-
171 Note Receivable, Noncurrent	-	-	-	-	-
161 Land	25,863	10,481	23,000	184,800	394,000
162 Buildings	538,508	1,715,645	967,799	1,438,808	1,818,004
164 Furniture, Equipment & Machinery, Admin	128,161	6,419	-	-	11,372
165 Leasehold Improvements	7,020,070	8,784,297	4,440,929	4,363,140	1,092,943
166 Accumulated Depreciation	(4,202,479)	(7,826,025)	(2,705,006)	(2,374,796)	(2,080,257)
167 Construction in Progress	36,653	-	43,806	-	-
190 Total	<u>\$ 4,602,818</u>	<u>\$ 4,409,258</u>	<u>\$ 3,447,096</u>	<u>\$ 4,224,894</u>	<u>\$ 1,480,054</u>
312 Accounts Payable	\$ 1,551	\$ 1,713	\$ 5	\$ 438	\$ 88
322 Compensated Absences, Current	1,301	2,136	491	672	521
331 Accounts Payable, HUD	-	-	-	-	-
332 Accounts Payable, Other	-	-	-	-	-
333 Accounts Payable, Other Government	21,051	31,138	8,189	11,891	4,586
341 Tenant Security Deposits	37,620	60,325	16,600	18,500	5,500
342 Prepaid Rents	5,307	8,469	2,552	4,031	59
343 Long-Term Debt, Current	-	-	-	-	-
347 Interprogram Due To	-	-	-	-	-
351 Long-Term Debt	-	-	-	-	-
354 Compensated Absences	7,375	12,106	2,784	3,808	2,953
508.1 Invested in Capital Assets, Net of Related Debt	3,546,776	2,690,817	2,770,528	3,611,952	1,236,062
511.1 Restricted Net Assets	-	-	-	-	-
512.1 Unrestricted Net Assets	981,837	1,602,554	645,947	573,602	230,285
600 Total	<u>\$ 4,602,818</u>	<u>\$ 4,409,258</u>	<u>\$ 3,447,096</u>	<u>\$ 4,224,894</u>	<u>\$ 1,480,054</u>

GREAT FALLS HOUSING AUTHORITY

HUD PROJECT NO 093-44005-LDC

FINANCIAL DATA SCHEDULE AS OF MARCH 31, 2015

	CCC	Total Public	Eliminations	Total Agency
111 Cash, Unrestricted	\$ 245,181	\$ 1,545,731	\$ -	\$ 2,064,897
113 Cash, Other Restricted	-	-	-	3,012
114 Cash, Restricted Security Deposits	-	138,545	-	150,845
121 Accounts Receivable, Other	-	-	-	241
122 Accounts Receivable, HUD	-	2,523	-	2,523
124 Accounts Receivable, Government	-	-	-	-
126 Accounts Receivable, Tenants	-	23,523	-	24,312
126.1 Allowance for Doubtful Accounts, Tenants	-	(5,936)	-	(6,045)
127 Note Receivable, Current	-	-	(26,752)	-
131 Investment, Unrestricted	121,941	2,956,226	-	2,956,365
142 Prepaid Expenses and Other Assets	10,855	25,350	-	69,286
143 Inventories	64,086	64,086	-	64,086
171 Note Receivable, Noncurrent	-	-	(430,947)	-
161 Land	-	638,144	-	916,316
162 Buildings	-	6,478,764	-	9,730,684
164 Furniture, Equipment & Machinery, Admin	315,457	461,409	-	489,436
165 Leasehold Improvements	837,488	26,538,867	-	26,684,716
166 Accumulated Depreciation	(624,586)	(19,813,149)	-	(20,632,535)
167 Construction in Progress	-	80,459	-	80,459
190 Total	<u>\$ 970,422</u>	<u>\$ 19,134,542</u>	<u>\$ (457,699)</u>	<u>\$ 22,598,598</u>
312 Accounts Payable	\$ 2,237	\$ 6,032	\$ -	\$ 6,070
322 Compensated Absences, Current	26,070	31,191	-	34,053
331 Accounts Payable, HUD	-	-	-	-
332 Accounts Payable, Other	-	-	-	-
333 Accounts Payable, Other Government	-	76,855	-	88,486
341 Tenant Security Deposits	-	138,545	-	150,845
342 Prepaid Rents	-	20,418	-	24,453
343 Long-Term Debt, Current	-	-	(26,752)	5,112
347 Interprogram Due To	-	-	-	-
351 Long-Term Debt	-	-	(430,947)	204,725
354 Compensated Absences	106,002	135,028	-	151,251
508.1 Invested in Capital Assets, Net of Related Debt	528,359	14,384,494	-	16,601,540
511.1 Restricted Net Assets	-	-	-	3,012
512.1 Unrestricted Net Assets	307,754	4,341,979	-	5,329,051
600 Total	<u>\$ 970,422</u>	<u>\$ 19,134,542</u>	<u>\$ (457,699)</u>	<u>\$ 22,598,598</u>

GREAT FALLS HOUSING AUTHORITY

HUD PROJECT NO. 093-44005-LDC

FINANCIAL DATA SCHEDULE MARCH 31, 2016

		GFHA	Hoiland	Sandhills	Total Business Activities	Section 8 Housing Choice Vouchers
70300	Net Tenant Rental	\$ -	\$ 87,997	\$ 95,380	\$ 183,377	\$ -
70400	Tenant Revenue, Other	-	4,395	796	5,191	-
70600	HUD Operating Grants	-	-	-	-	-
70600	HUD Operating Grants CFP	-	-	-	-	-
70610	Capital/HOME Grants	-	-	-	-	-
70600.01	Housing Assistance Payments	-	-	-	-	364,530
70600.02	Ongoing Administrative Fees Earned	-	-	-	-	125,389
70800	Other Government Grants	-	-	-	-	-
71100	Investment Income, Unrestricted	13,763	44	17	13,824	23
72000	Investment Income, Restricted	-	-	-	-	57
71500	Other Revenue	2,000	-	-	2,000	-
70710	Management Fees	-	-	-	-	-
70720	Asset Fees	-	-	-	-	-
70730	Bookkeeping Fees	-	-	-	-	-
70740	Fee for Service	-	-	-	-	-
70000	Total	<u>15,763</u>	<u>92,436</u>	<u>96,193</u>	<u>204,392</u>	<u>489,999</u>
91100	Administrative Salaries	-	3,805	3,805	7,610	48,378
91100	Administrative Salaries CFP	-	-	-	-	-
91200	Auditing Fees	-	161	161	322	3,084
91300	Management Fees	-	10,705	10,999	21,704	25,078
91310	Bookkeeping	-	1,365	1,403	2,768	17,663
91400	Advertising	-	2	2	4	66
91500	Employee Benefit Contributions-Administrative	-	1,707	1,707	3,414	21,573
91500	Employee Benefit Contributions-CFP	-	-	-	-	-
91600	Office Expenses	-	225	195	420	434
91700	Legal	-	90	-	90	-
91800	Travel	-	-	-	-	225
91900	Other	-	440	350	790	-
92000	Asset Management Fees	-	1,920	1,920	3,840	-
92400	Tenant Service - Other	-	-	-	-	100
93100	Water	-	9,334	4,498	13,832	-
93200	Electricity	-	2,695	1,610	4,305	-
93300	Gas	-	485	105	590	-
93800	Other Utilities	-	329	-	329	-
94100	Ordinary Maintenance - Labor	-	-	-	-	-
94200	Ordinary Maintenance - Materials	-	9,290	1,202	10,492	-
94300.01	Garbage	-	2,058	2,682	4,740	-
94300.02	Heating/Cooling	-	-	85	85	-
94300.03	Snow Removal	-	-	-	-	-
94300.04	Elevator	-	15	15	30	-
94300.05	Landscape/Grounds	-	4,181	2,150	6,331	-
94300.06	Turnaround/Paint	-	-	-	-	-
94300.07	Electrical	-	-	-	-	-
94300.08	Plumbing	-	86	-	86	-
94300.09	Exterminator	-	480	288	768	-
94300.10	Janitor/Cleaning	-	1,333	758	2,091	-
94300.11	Routine	-	-	-	-	-
94300.12	Fee for Service	-	16,468	5,396	21,864	21,425
94500	Employee Benefit Contributions-Ordinary Maintenance	-	-	-	-	-
95300	Protective Service	-	-	-	-	-
96110	Property Insurance	-	1,868	3,610	5,478	-
96120	Liability Insurance	-	332	332	664	5,495
96140	Insurance Other	-	188	363	551	-
96200	Other Expenses	2,452	1	1	2,454	685
96210	Compensated Absences	-	54	54	108	1,935
96300	Payments in Lieu of Taxes	-	5,639	5,992	11,631	-
96400	Bad Debt, Tenant Rent	-	2,197	1,069	3,266	-
96720	Interest Expense, Notes Payable	-	14,927	11,499	26,426	-
97100	Extraordinary Maintenance	-	-	-	-	-
97200	Casualty Loss	-	-	-	-	-
97300	Housing Assistance Payments	-	-	-	-	942,415
97350	Port Out HAP Expense	-	-	-	-	8,810
97400	Depreciation Expense	<u>2,778</u>	<u>29,778</u>	<u>55,476</u>	<u>88,032</u>	<u>-</u>
90000	Total	<u>5,230</u>	<u>122,158</u>	<u>117,727</u>	<u>245,115</u>	<u>1,097,366</u>
10091	Inter-Project Excess Cash Transfer In	-	-	-	-	-
10092	Inter-Project Excess Cash Transfer Out	-	-	-	-	-
10093	Transfers Between Programs & Projects In	-	-	-	-	-
10094	Transfers Between Programs & Projects Out	-	-	-	-	-
11040	Equity Transfer	4,185	-	-	4,185	-
	Profit (Loss)	<u>\$ 14,718</u>	<u>\$ (29,722)</u>	<u>\$ (21,534)</u>	<u>\$ (36,538)</u>	<u>\$ (607,367)</u>

GREAT FALLS HOUSING AUTHORITY

HUD PROJECT NO. 093-44005-LDC

FINANCIAL DATA SCHEDULE MARCH 31, 2015

	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	
70300	Net Tenant Rental	\$ 442,764	\$ 595,885	\$ 180,814	\$ 197,443	\$ 90,477
70400	Tenant Revenue, Other	60,996	105,579	23,626	17,443	2,630
70600	HUD Operating Grants	395,475	521,164	141,038	129,253	70,824
70600	HUD Operating Grants CFP	73,071	-	-	-	-
70610	Capital/HOME Grants	948,280	-	48,219	-	12,021
70600.01	Housing Assistance Payments	-	-	-	-	-
70600.02	Ongoing Administrative Fees Earned	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-
71100	Investment Income, Unrestricted	3,745	5,870	3,239	1,245	852
72000	Investment Income, Restricted	-	-	-	-	-
71500	Other Revenue	469	484	24,000	-	206
70710	Management Fees	-	-	-	-	-
70720	Asset Fees	-	-	-	-	-
70730	Bookkeeping Fees	-	-	-	-	-
70740	Fee for Service	-	-	-	-	-
70000	Total	<u>1,924,800</u>	<u>1,228,982</u>	<u>420,936</u>	<u>345,384</u>	<u>177,010</u>
91100	Administrative Salaries	118,733	87,538	24,507	23,800	8,694
91100	Administrative Salaries CFP	-	-	-	-	-
91200	Auditing Fees	2,175	2,803	723	723	513
91300	Management Fees	102,170	131,404	33,233	33,822	22,293
91310	Bookkeeping	13,028	16,755	4,238	4,313	2,843
91400	Advertising	607	38	10	10	3
91500	Employee Benefit Contributions-Administrative	48,758	40,935	10,768	10,699	4,083
91500	Employee Benefit Contributions-CFP	-	-	-	-	-
91600	Office Expenses	5,692	7,576	1,878	1,232	1,239
91700	Legal	726	1,954	180	135	-
91800	Travel	21	34	9	9	2
91900	Other	4,053	6,004	2,606	2,773	743
92000	Asset Management Fees	18,720	24,000	6,000	5,999	4,080
92400	Tenant Service - Other	5,954	6,960	139	53	1,654
93100	Water	71,707	66,374	25,560	18,961	6,540
93200	Electricity	65,675	95,742	32,999	29,255	22,450
93300	Gas	74,933	101,235	28,978	23,033	14,770
93800	Other Utilities	1,296	2,114	4,553	529	-
94100	Ordinary Maintenance - Labor	-	-	-	-	-
94200	Ordinary Maintenance - Materials	74,772	74,273	14,393	8,637	15,118
94300.01	Garbage	18,657	19,055	6,830	6,757	857
94300.02	Heating/Cooling	-	3,243	80	-	226
94300.03	Snow Removal	-	-	-	-	-
94300.04	Elevator	215	346	92	92	6,705
94300.05	Landscape/Grounds	8,113	4,395	9,174	4,501	2,305
94300.06	Turnaround/Paint	-	53,301	10,216	5,391	3,651
94300.07	Electrical	910	876	132	-	-
94300.08	Plumbing	1,078	8,509	1,971	-	-
94300.09	Exterminator	9,588	10,089	2,284	1,693	5,078
94300.10	Janitor/Cleaning	10,476	16,636	3,853	2,803	8,182
94300.11	Routine	-	-	0	-	-
94300.12	Fee for Service	231,125	270,688	49,362	31,982	28,489
94500	Employee Benefit Contributions-Ordinary Maintenance	-	-	-	-	-
95300	Protective Service	23,127	37,169	9,912	9,912	2,478
96110	Property Insurance	17,309	21,688	7,483	6,715	643
96120	Liability Insurance	3,235	4,144	1,040	1,040	708
96140	Insurance Other	1,741	2,181	753	675	65
96200	Other Expenses	22	35	9	9	2
96210	Compensated Absences	(4,926)	1,726	(1,692)	(778)	865
96300	Payments in Lieu of Taxes	21,051	31,138	8,189	11,891	4,586
96400	Bad Debt, Tenant Rent	29,239	50,021	9,980	6,711	861
96720	Interest Expense, Notes Payable	-	-	-	-	-
97100	Extraordinary Maintenance	-	-	-	-	-
97200	Casualty Loss	10,892	0	3,501	-	-
97300	Housing Assistance Payments	-	-	-	-	-
97350	Port Out HAP Expense	-	-	-	-	-
97400	Depreciation Expense	206,283	323,413	198,073	208,048	83,397
90000	Total	<u>1,197,155</u>	<u>1,524,392</u>	<u>512,016</u>	<u>462,325</u>	<u>254,123</u>
10091	Inter-Project Excess Cash Transfer In	-	-	-	-	-
10092	Inter-Project Excess Cash Transfer Out	-	-	-	-	-
10093	Transfers Between Programs & Projects In	-	-	-	-	-
10094	Transfers Between Programs & Projects Out	-	-	-	-	-
11040	Equity Transfer	-	-	-	-	-
	Profit (Loss)	<u>\$ 727,645</u>	<u>\$ (295,410)</u>	<u>\$ (91,080)</u>	<u>\$ (116,941)</u>	<u>\$ (77,113)</u>

GREAT FALLS HOUSING AUTHORITY

HUD PROJECT NO. 093-44005-LDC

FINANCIAL DATA SCHEDULE MARCH 31, 2015

	CCC	Total Public	Eliminations	Total Agency	
70300	Net Tenant Rental	\$ -	\$ 1,507,383	\$ -	\$ 1,690,760
70400	Tenant Revenue, Other	-	210,274	-	215,465
70600	HUD Operating Grants	-	1,257,754	-	1,257,754
70600	HUD Operating Grants CFP	-	73,071	-	73,071
70610	Capital/HOME Grants	-	1,008,520	-	1,008,520
70600.01	Housing Assistance Payments	-	-	-	364,530
70600.02	Ongoing Administrative Fees Earned	-	-	-	125,389
70800	Other Government Grants	-	-	-	-
71100	Investment Income, Unrestricted	3,035	17,986	-	31,833
72000	Investment Income, Restricted	-	-	-	57
71500	Other Revenue	20,486	45,645	-	47,645
70710	Management Fees	369,704	369,704	(369,704)	-
70720	Asset Fees	62,639	62,639	(62,639)	-
70730	Bookkeeping Fees	61,608	61,608	(61,608)	-
70740	Fee for Service	597,890	597,890	(597,890)	-
70000	Total	<u>1,115,362</u>	<u>5,212,474</u>	<u>(1,091,841)</u>	<u>4,815,024</u>
91100	Administrative Salaries	138,832	402,104	-	458,092
91100	Administrative Salaries CFP	-	-	-	-
91200	Auditing Fees	134	7,071	-	10,477
91300	Management Fees	-	322,922	(369,704)	-
91310	Bookkeeping	-	41,177	(61,608)	-
91400	Advertising	430	1,098	-	1,168
91500	Employee Benefit Contributions-Administrative	52,969	168,212	-	193,199
91500	Employee Benefit Contributions-CFP	-	-	-	-
91600	Office Expenses	37,893	55,510	-	56,364
91700	Legal	1,253	4,248	-	4,338
91800	Travel	10,456	10,531	-	10,756
91900	Other	58,803	74,982	-	75,772
92000	Asset Management Fees	-	58,799	(62,639)	-
92400	Tenant Service - Other	-	14,760	-	14,860
93100	Water	7,984	197,126	-	210,958
93200	Electricity	5,029	251,150	-	255,455
93300	Gas	6,100	249,049	-	249,639
93800	Other Utilities	-	8,492	-	8,821
94100	Ordinary Maintenance - Labor	416,911	416,911	-	416,911
94200	Ordinary Maintenance - Materials	43,074	230,267	-	240,759
94300.01	Garbage	1,287	53,443	-	58,183
94300.02	Heating/Cooling	80	3,629	-	3,714
94300.03	Snow Removal	-	-	-	-
94300.04	Elevator	2,142	9,592	-	9,622
94300.05	Landscape/Grounds	36,841	65,329	-	71,660
94300.06	Turnaround/Paint	-	72,559	-	72,559
94300.07	Electrical	150	2,068	-	2,068
94300.08	Plumbing	-	11,558	-	11,644
94300.09	Exterminator	72	28,804	-	29,572
94300.10	Janitor/Cleaning	10,562	52,512	-	54,603
94300.11	Routine	3,225	3,225	-	3,225
94300.12	Fee for Service	913	612,559	(597,890)	57,958
94500	Employee Benefit Contributions-Ordinary Maintenance	175,239	175,239	-	175,239
95300	Protective Service	-	82,598	-	82,598
96110	Property Insurance	3,148	56,986	-	62,464
96120	Liability Insurance	0	10,167	-	16,326
96140	Insurance Other	11,299	16,714	-	17,265
96200	Other Expenses	1,582	1,659	-	4,798
96210	Compensated Absences	791	(4,014)	-	(1,971)
96300	Payments in Lieu of Taxes	-	76,855	-	88,486
96400	Bad Debt, Tenant Rent	-	96,812	-	100,078
96720	Interest Expense, Notes Payable	-	-	-	26,426
97100	Extraordinary Maintenance	-	-	-	-
97200	Casualty Loss	-	14,393	-	14,393
97300	Housing Assistance Payments	-	-	-	942,415
97350	Port Out HAP Expense	-	-	-	8,810
97400	Depreciation Expense	52,250	1,072,364	-	1,160,396
90000	Total	<u>1,079,449</u>	<u>5,029,460</u>	<u>(1,091,841)</u>	<u>5,280,100</u>
10091	Inter-Project Excess Cash Transfer In	-	-	-	-
10092	Inter-Project Excess Cash Transfer Out	-	-	-	-
10093	Transfers Between Programs & Projects In	-	-	-	-
10094	Transfers Between Programs & Projects Out	-	-	-	-
11040	Equity Transfer	(4,185)	(4,185)	-	-
	Profit (Loss)	<u>\$ 31,728</u>	<u>\$ 178,829</u>	<u>\$ -</u>	<u>\$ (465,076)</u>

GREAT FALLS HOUSING AUTHORITY

GREAT FALLS, MONTANA

HUD PROJECT NO. 093-44005-LDC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2015

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Project Number</u>	<u>Federal Expenditures</u>
Department of Housing and Urban Development:			
Direct Grant			
Section 8 Housing Choice Vouchers	14.871		\$ 1,097,365
Public and Indian Housing	14.850		1,257,754
Public Housing Capital Fund	14.872	MT06P002501-13	601,396
Public Housing Capital Fund	14.872	MT06P002501-12	480,195
Total Direct Grant:			<u>3,436,710</u>
Total Expenditures of Federal Awards			<u>\$ 3,436,710</u>

See accompanying notes to schedule of expenditures of federal awards

GREAT FALLS HOUSING AUTHORITY

GREAT FALLS, MONTANA

HUD PROJECT NO. 093-44005-LDC

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2015**

NOTE 1: REPORTING ENTITY:

The accompanying Schedule of Expenditures of Federal Awards ("schedule") presents the activity of all federal financial assistance of the Great Falls Housing Authority, ("Authority"). The Authority's reporting entity is defined in Note 1 to the financial statements.

NOTE 2: BASIS OF PRESENTATION:

The accompanying schedule is presented using the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the financial statements, or reported in the federal financial reports.



Douglas **WILSON**
and Company, PC

Board of Commissioners
Great Falls Housing Authority
Great Falls, Montana

Randal J. Boysun, CPA
Gerard K. Schmitz, CPA
Michael A. Diekhans, CPA
Myra L. Bakke, CPA

Douglas N. Wilson, CPA
Bruce H. Gaare, CPA
Dixie L. Swanson, CPA

**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**

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 each major fund of Great Falls Housing Authority, HUD Project No. 093-44005-LDC, as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Great Falls Housing Authority's basic financial statements as listed in the table of contents, and have issued our report thereon dated July 13, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 Great Falls Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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

This 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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Douglas Wilson + Company, P.C." The signature is written in a cursive style.

Great Falls, Montana
July 13, 2015



Douglas **WILSON**
and Company, PC

Board of Commissioners
Great Falls Housing Authority
Great Falls, Montana

Randal J. Boysun, CPA
Gerard K. Schmitz, CPA
Michael A. Diekhans, CPA
Myra L. Bakke, CPA

Douglas N. Wilson, CPA
Bruce H. Gaare, CPA
Dixie L. Swanson, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Report on Compliance for Each Major Federal Program

We have audited Great Falls Housing Authority's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Great Falls Housing Authority's major federal programs for the year ended March 31, 2015. Great Falls Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Great Falls Housing 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Great Falls Housing 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 Great Falls Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Great Falls 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, 2015.

Report on Internal Control over Compliance

Management of Great Falls Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered Great Falls Housing 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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Great Falls Housing 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Great Falls, Montana
July 13, 2015

GREAT FALLS HOUSING AUTHORITY

GREAT FALLS, MONTANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Any significant deficiencies identified not
Considered to be material weaknesses? Yes None
Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? Yes No

Any significant deficiencies identified not
Considered to be material weaknesses? Yes None
Reported

Type of auditor's report issued on compliance for
major programs: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with Circular A-133,
section 510(a)? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
14.872	Public Housing Capital Fund

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

none

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

none

GREAT FALLS HOUSING AUTHORITY
GREAT FALLS, MONTANA
HUD PROJECT NO. 093-4400-LDC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2015

As a result of the audit, there were no findings to report in the schedule of findings and questioned costs for the audit ending March 31, 2015.

GREAT FALLS HOUSING AUTHORITY

GREAT FALLS, MONTANA

HUD PROJECT NO. 093-4400-LDC

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
MARCH 31, 2015**

**2014-001 SECTION 8 HOUSING CHOICE VOUCHERS – ELIGIBILITY
CFDA # 14.871**

CRITERIA: As a condition of admission or continued occupancy, the Authority requires the tenant and other family members provide necessary information, documentation, and release for the Authority to verify income eligibility. For both income examinations and reexaminations, the Authority should obtain and document in the file third-party verification of reported family annual income, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income. Third-party verification is used to calculate the tenant's rent payment.

CONDITION: We reviewed twenty new move-in tenant files for income verification and noted the following:

- An error was made in the rent calculation for one tenant reviewed.
- Incorrect income information was used to calculate rent on one tenant reviewed.
- One tenant received a utility allowance in error and therefore received too much in assistance.
- One tenant qualified for a medical deduction, but inadequate third-party documentation was in the file supporting the medical reduction in the rent calculation.

RECOMMENDATION: We recommend the Authority 1) maintain adequate documentation to support the income and deductions used when calculating tenant rent at admission and reexaminations and 2) have a supervisor or another staff member review tenant files, and maintain documentation of the review, to ensure accuracy of tenant rent calculations and eligibility determinations.

IMPLEMENTATION STATUS: Implemented.



Douglas **WILSON**
and Company, PC

July 13, 2015

Randal J. Boysun, CPA
Gerard K. Schmitz, CPA
Michael A. Diekhans, CPA
Myra L. Bakke, CPA

To the Board of Commissioners
Great Falls Housing Authority
Great Falls, Montana

Douglas N. Wilson, CPA
Bruce H. Gaare, CPA
Dixie L. Swanson, CPA

We have audited the financial statements of Great Falls Housing Authority for the year ended March 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 27, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Great Falls Housing Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2015. We noted no transactions entered into by the entity for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the depreciation on fixed assets is computed using straight-line and accelerated methods over the estimated useful lives ranging from 5 to 40 years. We evaluated the key factors and assumptions used to develop the depreciation on fixed assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements were identified as part of the audit.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 13, 2015.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Board of Commissioners
Great Falls Housing Authority
July 13, 2015
Page 3

Other Matters

While testing we noted the following issues where controls could be enhanced:

The Authority submits monthly to HUD the Voucher for Payment of Annual Contributions and Operating Statement report. This is submitted via the VMS. We noted in the March 2015 report that the amount reported to HUD for Section 8 net assets of \$115,693 was reported in error. The documentation and support provided by the Authority showed the ending year-end balance to be \$74,921. We recommend the report be reviewed for accuracy prior to submitting it to HUD.

This communication is intended solely for the use of management and the Board of Commissioners of Great Falls Housing Authority and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

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

DOUGLAS WILSON & COMPANY, P.C.