

**Whitefish Housing Authority  
FYE June 2023 Audit Meeting Agenda**

**Date: April 27, 2026**

**Location:** Virtual (Microsoft Teams, link available at [whitefishhousing.org](http://whitefishhousing.org))

**Time: 5:15pm**

**I. Call to Order & Roll Call**

**II. Consent Agenda**

A. Approval of Agenda

**III. Continuing Business (Old/Unfinished)**

- A. FYE 2023 Audit Review & Approval (Resolution #308, attached with response)
- B. RAD/Section 18 Conversion Update
- C. Emergency Board Member Contact

**IV. Closed Session (if necessary)**

Pursuant to MCA 2-3-203 for legal or personnel discussion, during this meeting, the board may elect to enter a closed-door session for reasons related to legal and/or personnel issues. Per Montana Code Annotated 2-3-203: The presiding officer of any meeting may close the meeting during the time the discussion relates to a matter of individual privacy and then if and only if the presiding officer determines that the demands of individual privacy clearly exceed the merits of public disclosure. The right of individual privacy may be waived by the individual about whom the discussion pertains and, in that event, the meeting must be open.

**V. Adjourn**

# Whitefish Housing Authority

RESOLUTION #No. 308

A RESOLUTION ACCEPTING THE FISCAL YEAR 2023 AUDIT REPORT

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**WHEREAS**, the Whitefish Housing Authority (the “Authority”) is required to obtain an annual independent audit of its financial statements in accordance with applicable federal, state, and local regulations; and

**WHEREAS**, the Authority engaged FJ & Associates, an independent certified public accounting firm, to conduct the audit for the fiscal year ending June 30, 2023; and

**WHEREAS**, FJ & Associates has completed its audit and issued an unmodified (clean) opinion, indicating that the financial statements present fairly, in all material respects, the financial position of the Authority in conformity with generally accepted accounting principles; and

**WHEREAS**, the auditors have presented their report, including financial statements, notes, and any findings or recommendations, to the Board of Commissioners; and

**WHEREAS**, the Board of Commissioners has reviewed the audit report and has had the opportunity to ask questions and receive clarification from staff and/or the auditors; and

**WHEREAS**, the Board finds that it is in the best interest of the Authority to formally accept the completed audit report for Fiscal Year 2023;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE WHITEFISH HOUSING AUTHORITY (THE “BOARD”)** as follows, to:

1. The Fiscal Year 2023 Audit Report, for the year ended June 30, 2023, as presented by FJ & Associates, is hereby accepted.
2. The Board acknowledges the unmodified (clean) audit opinion and commends staff for maintaining sound financial management practices.
3. The Board directs staff to address any recommendations contained in the audit, if applicable, in a timely manner and in accordance with all regulatory requirements.
4. The Executive Director and staff are authorized to submit the audit report to all required federal, state, and local agencies and to take any additional actions necessary to ensure compliance.

**BE IT FURTHER RESOLVED** that this resolution shall take effect immediately.

ADOPTED AT THE MONTHLY BOARD OF COMMISSIONERS MEETING OF THE  
WHITEFISH HOUSING AUTHORITY THIS 27<sup>th</sup> Day of April 2026

Whitefish Housing Authority, Whitefish, Montana

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Katherine Berry, Board Chair, WHA Board of Commissioners

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Marissa Getts, Executive Director

# **Whitefish Housing Authority**

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**Independent Auditors' Reports,  
Management's Discussion and Analysis, and  
Supplemental Information**

**For the Year Ended June 30, 2023**

# Whitefish Housing Authority

## Table of Contents

	Page
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10
Basic Financial Statements:	
Statement of Net Position	11-12
Statement of Revenues and Expense and Changes in Fund Net Position	13
Statement of Cash Flows	14-15
Notes to Financial Statements	16-35
Supplemental Information:	36
Schedule of the Proportionate Share of the Net Pension Liability	37
Schedule of Contributions	38
Notes to Required Supplementary Information Regarding Pension Liability	39
Supplemental Information Program Financial Schedules:	40
Program Schedule of Net Positions	41
Program Schedule of Revenues, Expenses, and Changes in Fund Position	42
Program Schedule of Cash Flows	43
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing     Standards</i>	44-45
Schedule of Findings and Questioned Costs	46-47
Schedule of Findings and Questioned Costs – Prior Year	48-49

# **Independent Auditors' Report on Financial Statements and Supplementary Information**

To the Board of Commissioners of  
Whitefish Housing Authority

## **Opinion**

We have audited the accompanying financial statements of Whitefish Housing Authority (the Authority) as of and for the year ended June 30, 2023 which includes the statements of net position, revenues and expenses and changes in fund net position, and cash flows, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2023, and the respective changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Basis for Opinion**

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

## **Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' Responsibility for the Audit of the Financial Statements**

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

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

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

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

### **Report on Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

**Report on Required Supplemental Information (continued)**

We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority’s basic financial statements as a whole. The accompanying program schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Supplementary Information Regarding Pension Liability is presented to supplement the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 17, 2026 on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

FJ & Associates, PLLC  
Kaysville, Utah  
April 17,2026

# **Whitefish Housing Authority Management’s Discussion and Analysis Year Ended June 30, 2023**

## **INTRODUCTION**

The Whitefish Housing Authority (the Authority) was created under the laws of the State of Montana, and certified by the United States Department of Housing and Urban Development (HUD). The purpose of the Authority is to administer programs in the under the Housing Act of 1937, as amended and to supervise the construction and operation of low- and moderate-income senior citizen and family housing units within and 10 miles surrounding the City of Whitefish.

The Federal Government subsidizes these programs by direct awards through HUD, and pass-through awards through other state and local government agencies. The Authority is governed by a board of commissioners, which is appointed by the Mayor of Whitefish City. The Board, in turn, elects a chairperson and employs an Executive Director to administer the affairs of the Authority.

The Authority presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2023 (FY2023), to assist the reader in focusing on significant financial issues and concerns. This discussion and analysis are an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.

The Authority’s FY2023 annual financial report consists of two parts – the management’s discussion and analysis, and the basic financial statements (which include notes to those financial statements). Also included are supplementary schedules that separate the programs specific to the Authority’s activity.

The basic financial statements provide information about the Authority’s overall financial position and results of operations. These statements, which are presented on the accrual basis, consist of the Statement of Net Position, the Statement of Revenue, Expenses and Changes in Fund Net Position and the Statement of Cash Flows. The basic financial statements also include a “Notes to Financial Statements” section that provides additional information that is essential to a full understanding of the data provided in the basic financial statements.

The primary focus of the Authority’s financial statements is on a single business-type activity that combines all programs administered by the Authority. This discussion and analysis are focused on the primary activities of the Authority.

## **FINANCIAL HIGHLIGHTS**

The Authority’s single business-type activity financial statements for FY 2023 report on all of the Authority’s assets, liabilities, revenues, expenses, and net position under the programs it administers. A summary of the current-year results in comparison with the prior year results follows:

# Whitefish Housing Authority Management's Discussion and Analysis Year Ended June 30, 2023

## FINANCIAL HIGHLIGHTS (continued)

- Net position of the Authority increased by \$52,895, as of June 30, 2023, from the prior year.
- Operating revenues of the Authority increased by \$101,411 from prior year results.
- The Authority's capital assets had a net increase of \$181,696 during the year.
- The decrease in cash and cash equivalents for the year was \$125,708.
- The Authority's operating expenses increased \$102,684 in the current year.

## AUTHORITY FINANCIAL STATEMENTS

The Authority is presenting its FY2023 discussion and analysis based on the financial results of its enterprise programs in three basic financial statements – the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Fund Net Position; and the Statement of Cash Flows. The Statement of Net Position reports all financial and capital assets of the Authority and is presented in a format in which assets equal liabilities plus net position. Net position is broken down into the following three categories:

- *Net investment in capital assets* consists of all capital assets net of accumulated depreciation, reduced by the outstanding balances of mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- *Restricted net position* consists of assets that are restricted by constraints placed on the asset by external parties, such as creditors, grantors, contributors, laws, or regulations reduced by liabilities payable from such assets.
- *Unrestricted net position* consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

The Statement of Revenues, Expenses and Changes in Fund Net Position (similar to an income statement) includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation; and non-operating revenues and expenses, such as investment income and interest expense. The Statement's focus is the change in net position, which is similar to net income or loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by or used for operating activities, capital and related financing activities, and investing activities.

The Authority combines all of its programs into a single enterprise fund.

These financial statements utilize the economic resources measurement focus and the full accrual basis of accounting. They report the Authority's net position and changes in net position in full compliance with GASB Statement No. 34. Under the full accrual basis of accounting, revenues are recognized in the period they are earned and expenses in the period they are incurred.

**Whitefish Housing Authority  
Management's Discussion and Analysis  
Year Ended June 30, 2023**

**AUTHORITY FINANCIAL STATEMENTS (continued)**

The entity-wide presentation represents several different programs and activities. Most of these programs are financed by federal grants from HUD, rents, and other user charges resulting from operations of subsidized housing, by management fees, and by investment income and loan proceeds. In FY2023 the following programs make up the majority of the Authority's single business-type activities financial statements:

- *Section 8 Housing Choice Vouchers* – This program is funded by HUD and is a subsidy program for low- and moderate-income families seeking housing in the private rental market.
- *Public Housing* – This program is subsidized annually by operating subsidy from HUD and through capital grants for capital improvements.
- *Development/Homeownership Program* – This program uses capital contributions to fund new construction, major improvements to existing properties, and operating expenditures.

**THE AUTHORITY**

The Authority manages the following programs:

Housing Choice Voucher Program (Section 8)

The Authority administers 16 Section 8 vouchers under the Housing Choice Voucher Program and 3 under Project-Based Vouchers. The Authority administers these vouchers through contracts with independent property owners in which the Authority subsidizes the participant's rent through a Housing Assistance Payment made to the property owner.

The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets a participant's rent at 30 percent of household income. HUD recently changed the funding to a formula-based structure rather than cost-based funding, which will most likely result in lower administrative fees earned and fewer units being leased.

Mountain View Manor

The Authority owns 50 public housing rental units that are designated for elderly and disabled individuals. Rent is determined by the tenant's income. The individuals pay 30% of their income towards the rent.

**Whitefish Housing Authority**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2023**

**NET POSTION**

The Authority's overall financial position and operations for the past two years are summarized below based on the information included in the current and prior year financial statements.

Whitefish Housing Authority  
Statement of Net Position

	<u>06/30/2023</u>	<u>06/30/2022</u>	<u>Change</u>
Current and other assets	\$ 2,174,424	\$ 2,241,639	\$ (67,215)
Capital assets, net of depreciation	<u>1,506,032</u>	<u>1,324,336</u>	<u>181,696</u>
Total assets	<u>3,680,456</u>	<u>3,565,975</u>	<u>114,481</u>
Deferred outflows of resources	<u>6,615</u>	<u>81,452</u>	<u>(74,837)</u>
Current liabilities	53,220	57,520	(4,300)
Other liabilities	<u>157,013</u>	<u>137,386</u>	<u>19,627</u>
Total liabilities	<u>210,233</u>	<u>194,906</u>	<u>15,327</u>
Deferred inflows of resources	<u>27,895</u>	<u>56,473</u>	<u>(28,578)</u>
Net position			
Net investment in capital assets	1,506,032	1,324,336	181,696
Restricted net position	812,813	1,804,557	(991,744)
Unrestricted net position	<u>1,130,098</u>	<u>267,155</u>	<u>862,943</u>
Total net position	<u>\$ 3,448,943</u>	<u>\$ 3,396,048</u>	<u>\$ 52,895</u>

The Authority's total assets and deferred outflows of resources at June 30, 2023 were \$3,687,071, an increase of \$39,644 from June 30, 2022.

***Current and other assets***

Current and other assets decreased by \$67,215 as of June 30, 2023 compared with June 30, 2022. The primary source of the decrease was related to cash and other government receivables.

***Net position***

The Authority's net position increased by \$52,895 during FY2023. At June 30, 2023, investments in capital assets comprise about 44% of the Authority's total assets.

The Authority's net position also consists of restricted and unrestricted net position. Unrestricted net position includes unrestricted cash, receivables, and other assets, less all other liabilities not previously applied. At June 30, 2023, unrestricted net position amounts to approximately 33% of total net position. At June 30, 2023, restricted net position amounts to 24%.

**Whitefish Housing Authority**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2023**

**REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

The results of operations for the Authority are presented below:

Whitefish Housing Authority  
Statement of Revenue, Expenses, and Changes in Fund Net Position

	Year Ended		Increase/ (Decrease)
	06/30/2023	06/30/2022	
Operating revenues:			
Rental income	\$ 242,470	\$ 231,425	\$ 11,045
HUD operating subsidy	132,861	77,920	54,941
HUD operating grants	194,865	89,641	105,224
Program revenues	55,608	125,350	(69,742)
Other income	6,879	6,936	(57)
Total operating revenues	632,683	531,272	101,411
Operating expenses:			
Administrative	239,094	167,605	71,489
Tenant services	2,052	2,101	(49)
Utilities	46,283	46,973	(690)
Ordinary maintenance and operations	83,229	103,745	(20,516)
General expense	145,733	55,878	89,855
Housing assistance payments	57,354	95,206	(37,852)
Depreciation	44,354	43,907	447
Total operating expenses	618,099	515,415	102,684
Operating income(loss)	14,584	15,857	(1,273)
Non-operating revenues/(expenses):			
Interest income	8,742	4,226	-
HUD capital grants	34,212	89,641	(55,429)
Other expenses	(4,643)	-	(4,643)
Non-operating income(loss)	38,311	93,867	(55,429)
Excess (deficiency) before contributions	52,895	109,724	(56,829)
Capital contribution	-	519,271	(519,271)
Change in net position	52,895	628,995	(576,100)
Beginning net position	3,396,048	2,767,053	628,995
Ending net position	\$ 3,448,943	\$ 3,396,048	\$ 52,895

**Whitefish Housing Authority  
Management's Discussion and Analysis  
Year Ended June 30, 2023**

**REVENUES, EXPENSES, AND CHANGES IN NET POSITION (continued)**

Revenues of the Authority's activities are generated principally from rental income. In FY2023, the Authority's operating revenues totaled \$632,683. Of this total, \$327,726 (51.80%) is from HUD program revenues. Operating expenses totaled \$618,099, of which \$57,354 (9.28%) was for housing assistance payments.

About (6.36%) of the Authority's total revenues in FY2023 were non-operating revenues that are derived from capital grants (5.06%), and interest income (1.29%). The remaining (93.64%) were operating revenues derived from rentals and other tenant income (35.89%), HUD program revenues (48.51%), other program revenues (8.23%) and other operating revenues (1.02%).

Of the total operating expenses, (38.68%) was derived from administration, (.33%) from tenant services, (7.49%) utilities, (13.47%) ordinary maintenance and operations, (23.58%) general expenses, (9.28%) housing assistance payments and (7.18%) from depreciation.

The increase in net position for the year ended June 30, 2023 was \$52,895 when compared with the June 30, 2022 balance. Factors contributing to these results included:

Increase in other operating revenue.

- Increase in HUD operating subsidy and HUD operating grants during the year.

**CAPITAL ASSETS**

The Authority's capital assets as of June 30, 2023, include: land, buildings, furniture and equipment, leasehold improvements, and capital improvements, which total net \$1,506,032, most of which comprises rental units available for lease to low- and moderate-income residents. Net capital assets increased \$181,697 from the preceding year, due to net purchases of \$226,051, non-cash disposal of \$3,078, and depreciation expense of \$44,354.

	<u>06/30/2023</u>	<u>06/30/2022</u>	<u>Change</u>
Land	\$ 752,622	\$ 752,622	\$ -
Buildings and improvements	2,837,336	2,826,587	10,749
Furniture and equipment	120,547	59,620	60,927
Construction in progress	387,144	235,847	151,297
Total capital assets	<u>4,097,649</u>	<u>3,874,676</u>	222,973
Accumulated depreciation	<u>(2,591,617)</u>	<u>(2,550,341)</u>	(41,276)
Net capital assets	<u>\$ 1,506,032</u>	<u>\$ 1,324,335</u>	<u>\$ 181,697</u>

**Whitefish Housing Authority  
Management's Discussion and Analysis  
Year Ended June 30, 2023**

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

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2023 budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidies are based on rental income, other income and utility consumption and costs. The amount of funding is also established and approved by HUD. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

During the year ended December 31, 2023, Housing Whitefish, previously reported as a discretely presented component unit, was removed from component unit classification. The December 31, 2022, financial statements have been restated to reflect this change.

**REQUEST FOR INFORMATION**

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

**Whitefish Housing Authority**  
**Statement of Net Position**  
**As of June 30, 2023**

**Assets and Deferred Outflows of Resources**

Current Assets:

Cash and cash equivalents	\$ 1,163,561
Accounts receivable, net	8,014
Due from other governments	95,731
Prepaid expenses	8,675
Tenant security deposits	12,200

Total current assets 1,288,181

Capital Assets:

Land	752,622
Buildings and improvements	2,837,336
Furniture and equipment	120,547
Construction in progress	387,144

Total capital assets 4,097,649

Less: Accumulated depreciation (2,591,617)

Net capital assets 1,506,032

Other Assets:

Accrued interest receivable	8,125
Notes receivable	67,519
Other assets, restricted	810,599

Total other assets 886,243

Deferred outflows of resources 6,615

Total assets and deferred outflows of resources \$ 3,687,071

**Whitefish Housing Authority**  
**Statement of Net Position (continued)**  
**As of June 30, 2023**

**Liabilities and Deferred Inflows of Resources**

Current Liabilities:

Accounts payable	\$ 10,179
Accrued liabilities	5,745
Accrued compensated absences - current portion	3,388
Due to other governments	7,031
Unearned revenue	14,677
Tenants security deposits	12,200
Total current liabilities	53,220

Non-current liabilities:

Compensated absences payable	880
Net pension liability	156,133
Total non-current liabilities	157,013

Deferred inflows of resources	27,895
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Total liabilities and deferred inflows of resources	238,128
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Net Position:

Net investment in capital assets	1,506,032
Restricted	812,813
Unrestricted	1,130,098
Total net position	3,448,943

Total liabilities, deferred inflows of resources, and net position	\$ 3,687,071
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**Whitefish Housing Authority**  
**Statement of Revenues, Expenses**  
**and Changes in Fund Net Position**  
**Year ended June 30, 2023**

<b>Operating revenues:</b>	
Rental income	\$ 242,470
HUD operating subsidy	132,861
HUD operating grant	194,865
Program revenues	55,608
Other income	6,879
Total revenues	<u>632,683</u>
<b>Operating expenses:</b>	
Administration	239,094
Tenant services	2,052
Utilities	46,283
Ordinary maintenance and operations	83,229
General expense	145,733
Housing assistance payments	57,354
Depreciation	44,354
Total expenses	<u>618,099</u>
Operating income (loss)	<u>14,584</u>
Non-operating income (expense)	
Interest income	8,742
HUD capital grants	34,212
Other expenses	(4,643)
Total non-operating income (expense)	<u>38,311</u>
Change in net position	52,895
Net position at beginning of year	<u>3,396,048</u>
Net position at end of year	<u><u>\$ 3,448,943</u></u>

**Whitefish Housing Authority**  
**Statement of Cash Flows**  
**Year ended June 30, 2023**

**Cash flows from operating activities:**

Rental receipts	\$	286,989
Program receipts		74,877
HUD operating grants receipts		194,865
Other receipts		33,695
Tenant security deposits		750
Total receipts		591,176

Administration		191,227
Utilities		163,257
Ordinary maintenance and operations		46,283
General		83,229
Housing assistance payments		41,049
Total disbursements		525,045

Net cash provided by (used in) operating activities		66,131
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**Cash flows from investing activities:**

Purchase of capital assets		(226,051)
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Net cash provided by (used in) investing activities		(226,051)
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**Cash flows from capital and related financing activities:**

Proceeds from HUD capital grants		34,212
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Net cash provided by (used in) capital and related financing activities		34,212
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Net increase (decrease) in cash and equivalents		(125,708)
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Cash and equivalents at beginning of year		1,301,469
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<b>Cash and equivalents at end of year</b>	<b>\$</b>	<b>1,175,761</b>
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**Cash and equivalents recorded on the Statement of Net Position**

Cash - unrestricted	\$	1,163,561
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Cash - restricted		12,200
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<b>Cash and equivalents at end of year</b>	<b>\$</b>	<b>1,175,761</b>
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**Whitefish Housing Authority**  
**Statement of Cash Flows (continued)**  
**Year Ended June 30, 2023**

**Reconciliation of change in net operating income (loss) to net cash provided by (used in) operating activities:**

Change in net operating income (loss)	\$	14,584
Adjustments to reconcile change in net operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation		44,354
(Increase) decrease in operating assets:		
Accounts receivable		450
Due from other governments		(57,984)
Prepaid expenses		1,692
Increase (decrease) in operating liabilities:		
Accounts payable		1,675
Accrued expenses		3,344
Accrued compensated absences		(6,016)
Unearned revenue		14,385
Other liabilities		18,884
Tenant security deposits liability		750
<b>Net cash provided by (used in) operating activities</b>	<b>\$</b>	<b>36,118</b>

**Whitefish Housing Authority**  
**Notes to Financial Statements**  
**Year Ended June 30, 2023**

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**1. Summary of Significant Accounting Policies**

Organization and History

The Whitefish Housing Authority was established in 1967 and signed its Cooperation Agreement and Annual Contributions contract in 1969. The Authority is governed by a board of commissioners appointed by the Mayor of the City of Whitefish, Montana. The purpose of the Authority is to furnish low rent housing to low-income tenants primarily by administering housing programs authorized by the United States Housing Act of 1937. These programs are subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD).

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

Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) has issued Statement No. 14, “*The Financial Reporting Entity*,” as amended by GASB Statement No. 39, “*Determining Whether Certain Organizations Are Component Units*” and GASB Statement No. 61, “*The Financial Reporting Entity – Omnibus*”, which describe those entities that are considered component units for financial reporting purposes. The Authority is not considered a component unit of Whitefish (the City), or any other government entity under the criteria of GASB Statements No. 14, as amended by GASB Statements No. 39, and No. 61, since the City exercises no oversight responsibility either financially or administratively over the Authority.

During the year ended December 31, 2023, Housing Whitefish, previously reported as a discretely presented component unit, was removed from component unit classification. The December 31, 2022, financial statements have been restated to reflect this change.

Basis of Presentation

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Authority, the accounts are maintained in accordance with the principles of fund accounting. The Authority participates in HUD programs on an enterprise fund basis.

All of the Authority’s programs are accounted for as one business-type activity for financial reporting purposes and neither fiduciary funds nor component units that are fiduciary in nature are included. The financial statement presentation provides an indication of the financial performance of the Authority as a whole. In addition, the Authority adopts the budget that has been approved by its Board.

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**1. Summary of Significant Accounting Policies (continued)**

Basis of Accounting

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

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

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

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

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

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

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

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**1. Summary of Significant Accounting Policies (continued)**

Budgetary Process

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

Cash and Cash Equivalents

The Authority considers all highly liquid debt and equity instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents at June 30, 2023 consist of cash on hand, demand deposits, and savings deposits.

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

Revenue Recognition

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned, as required for lessors under ASC 842 – "Leases." All leases between the Authority and the tenants of the property are operating leases. Capital Funds are requested by HUD and recognized when received. Housing Assistance Payments are recognized when earned from HUD as services under the HUD contract are rendered to recipients, as required under ASC 606 – "Revenue from contracts with customers."

Accounts Receivable

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

Prepaid Items

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

Capital Assets

Capital assets are recorded at cost and depreciated using the straight-line method of depreciation over the estimated useful lives of the assets, as shown below. The threshold for capitalizing assets is \$5,000. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**1. Summary of Significant Accounting Policies (continued)**

Capital Assets (continued)

Maintenance and repairs, including the replacement of minor items, are expensed as incurred, and major additions to buildings, furnishings, and equipment are capitalized. Construction in progress commences depreciation when the construction is complete and related assets placed in service.

<u>Major Groupings</u>	<u>Useful Lives (years)</u>
Buildings	15-40
Building improvements	10-40
Furniture and fixture	5-10
Equipment	3-10

Impairment of Long-Lived Assets

The Authority periodically reviews the carrying amount of property, plant and equipment and its identifiable intangible assets to determine whether current events or circumstances warrant adjustments to such carrying amounts. If an impairment adjustment is deemed necessary, such loss is measured by the amount that the carrying value of such assets exceeds the fair value. Considerable management judgment is necessary to estimate the fair value of assets; accordingly, actual results could vary significantly from such estimates. Management believes it has considered all potential items of impairment related to long-lived assets and has recorded any such impairment accordingly.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates that may change in the near-term are fair values of long-lived assets and impairment losses.

Income Taxes

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

Use of Restricted/Unrestricted Assets

When an expense is incurred for purposes for which both restricted and unrestricted assets are available, the Authority's policy is to apply restricted assets first.

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**1. Summary of Significant Accounting Policies (continued)**

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that is applicable to future reporting periods. Deferred outflows of resources in the Statement of Net Position consist of unamortized portions of the net difference between projected and actual earnings on pension plan investments, the net difference between actual expected and actual experience with regard to economic and demographic factors in the measurement of the total pension liability, changes of assumptions about future economic and demographic factors or demographic factors or other inputs and the net effect of the change in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources related to pensions. Deferred outflows also contain employer pension contributions made after the measurement date.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that is applicable to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portions of the net difference between projected and actual earnings on pension plan investments, the net difference between actual expected and actual experience with regard to economic and demographic factors in the measurement of the total pension liability, changes of assumptions about future economic and demographic factors or either other inputs and the net effect of the change in the employer's proportionate share of the collective net position liability and collective deferred outflows of resources and deferred inflows of resources related to pensions.

Pension and Retirement Plan

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Montana Public Employees' Retirement System (MPERA) and additions to/deductions from MPERA's fiduciary net position have been determined on the same basis as they are reported by MPERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Grant Revenue

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

Leases

The leases entered into are considered short-term operating leases in accordance with GASB 87. The Authority has not entered into any material leases as defined by GASB 87.

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**1. Summary of Significant Accounting Policies (continued)**

Investment Income

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

Compensated Absences

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

Postemployment Benefits Other Than Pension (OPEB)

OPEB benefits are part of an exchange of salaries and/or benefits in a future period as the result of employee services rendered during employment. In accordance with the accrual basis of accounting, generally benefits should be associated with periods in which the exchange occurs, rather than with the periods when benefits are paid or provided. The Authority has not incurred or obligated material resources to other postemployment benefits as defined in GASB Statement No. 75.

**2. Deposits**

The State of Montana Board of Investments has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Montana's Code Annotated (the MCA).

The Authority follows the requirements of the MCA (Montana Code, Title 17, Chapter 6) in handling its depository and investment transactions. The MCA requires the depositing of the Authority funds in a qualified depository. The MCA defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the State of Montana Board of Investments.

*Custodial Credit Risk* - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a formal deposit policy for custodial credit risk. As of June 30, 2023, the Authority's book balances totaled \$1,175,761 and bank balances totaled \$1,183,549, \$500,000 of which is insured by Federal Depository Insurance and \$683,549 that is at risk.

**3. Due from Other Governments**

A summary of due from other governments as presented in the Statement of Net Position at June 30, 2023, is as follows:

HUD - Operating subsidy	\$ 95,731
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**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**4. Prepaid Items**

A summary of prepaid items as presented in the Statement of Net Position at June 30, 2023, is as follows:

Prepaid insurance	\$ 6,522
Other prepaid expenses	<u>2,153</u>
	<u><u>\$ 8,675</u></u>

**5. Cash and Cash Equivalents**

A summary of cash and cash equivalents as presented in the Statement of Net Position at June 30, 2023, is as follows:

Cash and cash equivalents	\$ 1,163,561
Tenant security deposits	<u>12,200</u>
	<u><u>\$ 1,175,761</u></u>

**6. Notes Receivable**

The Authority provides Rehab Loans to homeowners which were primarily funded through the City of Whitefish. The Authority has three loans that earn zero interest and minimum quarterly payments of \$100 are required and the total loan balance is \$12,469 as of June 30, 2023. The Authority has one additional loan in the amount of \$5,050 which earns no interest and no repayment agreement until the house is sold or transferred.

The Authority entered into a loan agreement with Alpenglow Apartments, LLLP to advance \$50,000 as a Sponsor Loan for the development of a tax-credit project. The loan is dated August 8, 2019, with an annual rate of 6.5% and payable annually on December 31 only to the extent available Net Cash Flow. As of June 30, 2023, interest of \$8,125 has accrued on the loan. A final payment of principal and accrued interest shall be due on December 31, 2044, forty-six years from the placed in-service date.

**7. Other Non-current Assets**

The Authority participates in a “Deed Restricted Program” whereas the Authority provides for downpayment assistance to homeowners who stay in the associated properties. As part of the program, the Authority shares in the appreciation value of the property if a person sells the property before 90 years. The Authority’s share of equity in the property consists of funds from various sources, such as CDBG Grants, HOME Funds and the Affordable Housing Program provided by the Federal Home Loan Bank of Seattle.

If the property is sold within the first 15 years, then any gain from the property must be reinvested as program income and used in a similar manner. However, after the 15-year time period, any property sold and any share of appreciation that is received, belong to the Whitefish Housing Authority. The Authority has a secured deed on each respective property securing the Authority’s interest. As of June 30, 2023, the Authority has sold ten properties. The total Authority’s contribution or equity in these properties is \$810,599 as of June 30, 2023.

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**8. Capital Assets**

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance 7/1/2022	Additions	Disposals	Balance 6/30/2023
Non-depreciable assets:				
Land	\$ 752,622	\$ -	\$ -	\$ 752,622
Construction in progress	235,847	214,118	(62,821)	387,144
Total non-depreciable assets:	<u>988,469</u>	<u>214,118</u>	<u>(62,821)</u>	<u>1,139,766</u>
Depreciable assets:				
Building	2,826,587	10,749	-	2,837,336
Furniture and equipment	59,620	64,005	(3,078)	120,547
Total depreciable assets:	<u>2,886,207</u>	<u>74,754</u>	<u>(3,078)</u>	<u>2,957,883</u>
Total Capital Assets:	<u>\$ 3,874,676</u>	<u>\$ 288,872</u>	<u>\$ (65,899)</u>	<u>\$ 4,097,649</u>
Accumulated depreciation:	\$(2,550,341)	\$ (44,354)	\$ (3,078)	\$(2,591,617)
Depreciable assets, net	<u>335,866</u>	<u>30,400</u>	<u>(6,156)</u>	<u>366,266</u>
Capital assets, net	<u>\$ 1,324,335</u>	<u>\$ 244,518</u>	<u>\$ (68,977)</u>	<u>\$ 1,506,032</u>

**9. Accounts Payable**

A summary of accounts payable as presented in the Statement of Net Position at June 30, 2023, is as follows:

Vendors and contractors	<u>\$ 10,179</u>
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**10. Due to other Governments**

A summary of due to other governments as presented in the Statement of Net Position at June 30, 2023, is as follows:

Payments in Lieu of Taxes	<u>\$ 7,031</u>
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**11. Accrued Compensated Absences**

A summary of accrued compensated absences as presented in the Statement of Net Position at June 30, 2023, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Compensated absences	<u>\$ 9,837</u>	<u>\$ 11,646</u>	<u>\$ (17,215)</u>	<u>\$ 4,268</u>	<u>\$ 3,388</u>

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**12. Net Position**

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

- **Net Investment in Capital Assets** – This component groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation reduces the balance in this category.

**Restricted** – This category represents net position of the Authority that is restricted externally by creditors, grantors, contributors, laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.

As of June 30, 2023, the Authority had net position of \$2,214 restricted in the Section 8 Housing Choice Voucher Program for program housing assistance payments.

As of June 30, 2023, the Authority had net position of \$810,599 restricted in the Homeownership/Development Program for the Deed Restricted Program as described in Note 7.

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

**13. Contingencies**

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

**14. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Various insurance policies have been purchased to cover the risks described above. The insurance policies require minimal deductible amounts which the Authority pays in the event of any loss. The Authority also has purchased a workers' compensation policy. Settled claims resulting from losses have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Authority's customers are primarily low-income rental tenants in the Whitefish area that may be affected by changing economic conditions. Management believes that its credit review procedures and tenant deposits have adequately provided for usual and customary credit-related losses. The Authority's policy for charging off tenant receivables is to consider write-down of receivables extending beyond 120 days after significant collection efforts have been made or when the financial conditions of tenants warrant charge-off. Tenant receivables are determined to be past due after 30 days regardless of whether partial payments have been received. Based on the Authority's policy for charging off tenant receivables, the bad debts allowance is insignificant.

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**15. Defined Benefit Pension Plan**

Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the Net Pension Liability (NPL); Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted in the United States of America. MPERA applied all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

General Information about the Pension Plan

*Plan Description – 76a:* The PERS-Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA), is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan provides retirement benefits to covered employees of the State, and local governments, and certain employees of the Montana University System, and school districts. Benefits are established by state law and can only be amended by the Legislature.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be participants of both the *defined benefit* and *defined contribution* retirement plans. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

*Benefits provided – 76b:* The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation (HAC). Member rights are vested after five years of service.

**Service retirement:**

- Hired prior to July 1, 2011:
  - Age 60, 5 years of membership service
  - Age 65, regardless of membership service
  - Any age, 30 years of membership service
- Hired on or after July 1, 2011:
  - Age 65, 5 years of membership service
  - Age 70, regardless of membership service

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**15. Defined Benefit Pension Plan (continued)**

General Information about the Pension Plan (continued)

**Early retirement:**

- Hired prior to July 1, 2011:
  - Age 50, 5 years of membership service
  - Any age, 25 years of membership service
- Hired on or after July 1, 2011:
  - Age 55, 5 years of membership service

**Second Retirement:** (requires returning to PERS-covered employer or PERS service)

- Retired before January 1, 2016 and accumulate less than 2 years additional service credit or retired on or after January 1, 2016 and accumulate less than 5 years additional service credit:
  - A refund of member's contributions plus return interest (currently 2.02% effective July 1, 2018).
  - No service credit for second employment.
  - Start the same benefit amount the month following termination; and
  - Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
- Retired before January 1, 2016 and accumulate at least 2 years of additional service credit:
  - A recalculated retirement benefit based on provisions in effect after the initial retirement; and
  - GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.
- Retired on or after January 1, 2016 and accumulate 5 or more years of service credit:
  - The same retirement as prior to the return to service.
  - A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
  - GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

**Member's highest average compensation (HAC)**

- Hired prior to July 1, 2011 highest average compensation during any consecutive 36 months.
- Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months.

**Compensation Cap**

- Hired on or after July 1,

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**15. Defined Benefit Pension Plan (continued)**

General Information about the Pension Plan (continued)

**Monthly benefit formula**

- Members hired prior to July 1, 2011
  - Less than 25 years of membership service: 1.785% of HAC per year of service credit;
  - 25 years of membership service or more: 2% of HAC per year of service credit.
- Members hired on or after July 1, 2011
  - Less than 10 years of membership service: 1.5% of HAC per year of service credit;
  - 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
  - 30 years or more of membership service: 2% of HAC per year of service credit.

**Guaranteed Annual Benefit Adjustment (GABA)**

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.

- 3.0% for members hired prior to July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013
- Members hired on or after July 1, 2013:
  - (a) 1.5% for each year PERS is funded at or above 90%;
  - (b) 1.5% reduced by 0.1% for each 2.0% PERS is funded below 90%; and
  - (c) 0% whenever the amortization period for PERS is 40 years or more.

Contributions – 76c: The State Legislature has the authority to establish and amend contribution rates. Member and employer contribution rates are specified by Montana Statute and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.

Special Funding: The state of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as special funding. Those employers who received special funding are all participating employers.

Not Special Funding: Per Montana law, state agencies and universities paid their own additional contributions. The employer paid contributions are not accounted for as special funding for state agencies and universities but are reported as employer contributions.

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**15. Defined Benefit Pension Plan (continued)**

General Information about the Pension Plan (continued)

Member and employer contribution rates are shown in the table below.

Fiscal Year	Member		State & Universities	Local Government		School Districts	
	Hired < 07/01/11	Hired > 07/01/11	Employer	Employer	State	Employer	State
2023	7.900%	7.900%	9.070%	8.970%	0.100%	8.700%	0.370%
2022	7.900%	7.900%	8.970%	8.870%	0.100%	8.600%	0.370%
2021	7.900%	7.900%	8.870%	8.770%	0.100%	8.500%	0.370%
2020	7.900%	7.900%	8.770%	8.670%	0.100%	8.400%	0.370%
2019	7.900%	7.900%	8.670%	8.570%	0.100%	8.300%	0.370%
2018	7.900%	7.900%	8.570%	8.470%	0.100%	8.200%	0.370%
2017	7.900%	7.900%	8.470%	8.370%	0.100%	8.100%	0.370%
2016	7.900%	7.900%	8.370%	8.270%	0.100%	8.000%	0.370%
2015	7.900%	7.900%	8.270%	8.170%	0.100%	7.900%	0.370%
2014	7.900%	7.900%	8.170%	8.070%	0.100%	7.800%	0.370%
2012 - 2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2010 - 2011	6.900%		7.170%	7.070%	0.100%	6.800%	0.370%
2008 - 2009	6.900%		7.035%	6.935%	0.100%	6.800%	0.235%
2000 - 2007	6.900%		6.900%	6.800%	0.100%	6.800%	0.100%

1. Member contributions to the system of 7.9% are temporary and will be decreased to 6.9% on January 1, following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.
2. Employer contributions to the system:
  - a. Effective July 1, 2014, following the 2013 Legislative session, PERS-employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1, following actuary valuation results that show the amortization period has dropped below 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contributions rates.
  - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
  - c. The portion of employer contributions allocated to the Plan Choice Rate (PCR) are included in the employers reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**15. Defined Benefit Pension Plan (continued)**

General Information about the Pension Plan (continued)

3. Non-employer contributions:

a. Special Funding

- i. The State contributed 0.1% of members' compensation on behalf of local government entities.
- ii. The State contributed 0.37% of members' compensation on behalf of school district entities.
- iii. The State contributed a Statutory Appropriation from the General Fund of \$34,979,900.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end. The basis for the Total Pension Liability (TPL) as of June 30, 2023, is on an actuarial valuation performed by the Plan's actuary as of June 30, 2023.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2023, and 2022, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The employer recorded a liability of \$156,133 and the employer's proportionate share was 0.006398 percent.

As of measurement date	Net Pension Liability as of 6/30/2023	Net Pension Liability as of 6/30/2022	Percent of Collective NPL as of 6/30/2023	Percent of Collective NPL as of 6/30/2022	Change in Percent of Collective NPL
WHITEFISH HOUSING AUTHORITY	\$156,133	\$191,615	0.006398%	0.008058%	(0.001660)%
Proportionate Share					
State of Montana	\$42,966	\$57,005	0.001761%	0.002397%	(0.000636)%
Proportionate Share associated with Employer					
<b>Total</b>	199,099	\$248,620	0.008159%	0.010455%	(0.002296)%

*Changes in actuarial assumptions and methods:* There have been no changes to the assumptions or other inputs that affected the measurement of the TPL since the previous measurement date.

*Changes in benefit terms:* There have been no changes in benefit terms since the previous measurement date.

*Changes in proportionate share:* There were no changes to the Plan between the measurement date of the collective NPL and the

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**15. Defined Benefit Pension Plan (continued)**

*Pension Expense – 80g, 80j:* At June 30, 2023, the employer recognized a Pension Expense of \$26,704 for its proportionate share of the Plan’s pension expense. The employer also recognized grant revenue of \$4,031 for the support provided by the State of Montana for its proportionate share of the pension expense associated with the employer.

As of measurement date	Pension Expense as of 6/30/2023	Pension Expense as of 6/30/2022
Employer's Proportionate Share	\$26,704	\$50,019
State of Montana Proportionate Share associated with the Employer	4,031	5,909
<b>Total</b>	<b>\$30,735</b>	<b>\$55,928</b>

*Recognition of Deferred Inflows and Outflows – 57, 80h, 80i:* At June 30, 2023, the employer reported its proportionate share of the Plan’s deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Expected vs. Actual Experience	\$6,219	\$0
Projected Investment Earnings vs. Actual Investment Earnings	396	-
Changes in Assumptions	-	5,569
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	22,326
Employer Contributions Subsequent to the Measurement Date	#	
<b>Total</b>	<b>\$6,615</b>	<b>\$27,895</b>
<i># the employer’s contributions subsequent to the measurement date must be entered by the employer. These are the FY2024 contributions paid to the Plan.</i>		

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**15. Defined Benefit Pension Plan (continued)**

Other amounts reported as deferred outflows and inflows of resources related to pensions are recognized in the employer's pension expense as follows:

For the Measurement Year ended June 30:	Recognition of Deferred Outflows and Deferred Inflows in future years as an increase or (decrease) to Pension Expenses
2024	\$(13,497)
2025	\$(16,068)
2026	\$9,232
2027	\$(948)
Thereafter	\$0

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**15. Defined Benefit Pension Plan (continued)**

*Actuarial Assumptions - 77:* The total pension liability as of June 30, 2023, was determined on the results of an actuarial valuation date of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

Investment Return (net of pension plan investment expense, including inflation)	7.30%
General Wage Growth * *includes Inflation at	3.50% 2.75%
Merit Increases	0% to 4.80%
Postretirement Benefit Increases 1. Guaranteed Annual Benefit Adjustment (GABA) each January  <ul style="list-style-type: none"> <li>• After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit. <ul style="list-style-type: none"> <li>• Members hired prior to July 1, 2007</li> <li>• Members hired between July 1, 2007 &amp; June 30, 2013</li> <li>• Members hired on or after July 1, 2013 <ul style="list-style-type: none"> <li>• For each year PERS is funded at or above 90% <ul style="list-style-type: none"> <li>• The 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90%</li> </ul> </li> <li>• 0% whenever the amortization period for PERS is 40 years or more</li> </ul> </li> </ul> </li> </ul>	3.0% 1.5% 1.5% 0%
Mortality:  <ul style="list-style-type: none"> <li>• Active Participants</li> <li>• Disabled Retirees</li> <li>• Contingent Survivors</li> <li>• Healthy Retirees</li> </ul>	PUB-2010 General Amount weighted Employee mortality projected to 2021 for males and females. Projected generationally using MP-2021.  PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year for both males and females.  PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.  PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**15. Defined Benefit Pension Plan (continued)**

The actuarial assumptions and methods utilized in the June 30, 2023 valuation, were developed in the five-year experience study for the period ending 2021. However, the current long-term rate of return is based on analysis in the experience study, without consideration for the administrative expenses analysis shown in the experience study.

*Discount Rate – 78a, 78b, 78d, 78e:* The discount rate used to measure the TPL was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board’s funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan’s fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2127. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

*Target Allocations – 78c and 78f:* The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plan about every five years. The long-term rate of return as of June 30, 2023, is based on analysis in the experience study report dated May 2, 2022 without consideration for the administrative expense analysis shown in the experience study. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

**15. Defined Benefit Pension Plan (continued)**

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized in the following table.

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.0%	(0.33%)
Domestic Equity	30.0%	5.90%
International Equity	17.0%	7.14%
Private Investments	15.0%	9.13%
Real Assets	5.0%	4.03%
Real Estate	9.0%	5.41%
Core Fixed Income	15.0%	1.14%
Non-Core Fixed Income	6.0%	3.02%
<b>Total</b>	<b>100.0%</b>	

*Sensitivity of the proportionate share of the net pension liability to changes in the discount rate – 78g:* The following presents the employer’s sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.30%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

As of measurement date	1.0% Decrease (6.30%)	Current Discount Rate	1.0% Increase (8.30%)
WHITEFISH HOUSING AUTHORITY's Net Pension Liability	\$225,534	\$156,133	\$97,912

*Pension plan fiduciary net position:* The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) *Annual Comprehensive Financial Report (ACFR)* and the GASB 68 Report disclose the Plan’s fiduciary net position. These reports, as well as the actuarial valuations and experience study, are available from the PERB at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>.

**Whitefish Housing Authority**  
**Notes to Financial Statements (continued)**  
**Year Ended June 30, 2023**

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**16. Related party transactions**

During the year ended June 30, 2023, the Authority entered into transactions with a related party involving the property manager, Pamela Meadows. Ms. Meadows' son, an immediate family member, was engaged to perform maintenance services for the Authority. Payment for these services totaled \$4,184 for the year ended June 30, 2023. As of June 30, 2023, \$0 remained payable.

**17. Subsequent Events**

The Authority has evaluated subsequent events through April 17, 2026, which is the date the financial statements were available to be issued.

Subsequent to June 30, 2023, the Authority became involved in litigation. In November 2023, a lawsuit was filed against the Authority in the Montana Eleventh Judicial District Court, Flathead County, alleging defamation and related claims. The matter proceeded to trial and resulted in a jury verdict against the Authority in the amount of approximately \$1,500,000. The Authority has appealed the verdict to the Montana Supreme Court, where the matter remains pending.

In addition, the Authority is a party to a declaratory judgment action in the United States District Court for the District of Montana to determine whether its insurance carrier is obligated to provide coverage for the judgment. The insurer has denied coverage; however, the Authority is contesting that determination. The outcome of both the appeal and the insurance coverage matter is not presently determinable.

The Authority may also be subject to statutory limitations under Montana law that could reduce its ultimate financial exposure, including limits on tort claims against governmental entities. The applicability and effect of these provisions are uncertain at this time.

In July 2025, a second lawsuit was filed against the Authority alleging similar claims. This matter is in its early stages, and no estimate of potential loss can be made at this time.

Management has concluded that these matters represent non-recognized subsequent events requiring disclosure in the financial statements. No adjustments have been made to the accompanying financial statements as a result of these events.

**Required Supplemental Information**

**Whitefish Housing Authority  
Required Supplemental Information  
Schedule of Proportionate Share of the Net Pension Liability  
For the Last Ten Fiscal Years\***

As of measurement date	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's proportion of the Net Pension Liability (percentage)	0.006398%	0.008058%	0.007553%	0.004725%	0.003962%	0.006028%	0.006364%	0.008789%	0.007952%	0.008579%
Employer's Net Pension Liability (amount)	\$156,133	\$191,615	\$136,953	\$124,650	\$82,814	\$125,812	\$123,940	\$149,704	\$111,158	\$106,891
State's Net Pension Liability (amount)	42,966	57,005	40,187	39,108	26,847	42,100	2,012	1,829	1,365	1,305
Total	\$199,099	\$248,620	\$177,140	\$163,758	\$109,661	\$167,912	\$125,952	\$151,533	\$112,523	\$108,197
Employer's Covered Payroll"	\$118,950	\$141,615	\$133,416	\$79,724	\$65,369	\$100,583	\$78,876	\$105,275	\$92,800	\$97,111
Employer's proportionate Share as a percent of Covered Payroll	131.26%	135.31%	102.65%	157.24%	126.69%	125.08%	157.13%	142.20%	119.78%	111.22%
Plan Fiduciary Net Position as a percent of Total Pension Liability	73.93%	73.66%	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%

*\*The amounts presented for each fiscal year were determined as of June 30, the measurement date.*

*"All employer adjustments made in fiscal year 2020 but are adjusting a payroll with a pay date in a prior fiscal year, are considered prior year adjustments and are removed from the covered payroll report before the actuary calculates the employers proportionate share.*

**Whitefish Housing Authority  
Required Supplementary Information  
Schedule of Contributions  
For the Last Ten Fiscal Years\***

As of most recent FYE (reporting date)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required DB Contributions	#	\$10,759	\$12,595	\$11,823	\$6,945	\$5,622	\$8,397	\$6,608	\$8,799	\$7,647
Plan Choice Rate Required Contributions	#	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contributions	#	\$10,759	\$12,595	\$11,823	\$6,945	\$5,622	\$8,397	\$6,608	\$8,799	\$7,647
Contribution Deficiency (Excess)	#	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Employer's Covered Payroll"	#	\$118,950	\$141,615	\$133,416	\$79,274	\$65,369	\$100,583	\$78,786	\$105,275	\$92,800
Contribtuions as a percent of Covered Payroll	#	9.04%	8.89%	8.86%	8.76%	8.60%	8.35%	8.38%	8.36%	8.24%
<i># the employer must enter FY2024 date</i>										

*\*The amounts presented for each fiscal year were determined as of June 30, the measurement date.*

*"All employer adjustments made in fiscal year 2020 but are adjusting a payroll with a pay date in a prior fiscal year, are considered prior year adjustments and are removed from the covered payroll report before the actuary calculates the employers proportionate share.*

# Whitefish Housing Authority

## Notes to Required Supplementary Information

### Year Ended June 30, 2023

#### Changes of Benefit Terms

The following changes to the plan provisions were made as identifies

2017:

#### Working Retiree Limitations – for PERS

Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

#### Refunds

- 1) Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- 2) Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- 3) Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

#### Lump-sum payouts

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of the member's benefit.

#### Disabled PERS Defined Contribution (DC) Members

PERS members hired after July 1, 2011, have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011, who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

#### Changes in Actuarial Assumptions and Methods

##### Method and assumptions used in calculations of actuarially determined contributions

Actuarially determined contributions are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date. The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2023, which were based on the results of the June 30, 2022 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.30%, net of pension plan investment and administrative expenses
*Includes inflation at	2.75%
Merit salary increase	0% to 4.80%
Asset valuation method	Four-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality	
• Active Participants	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
• Disabled Retirees	PUB-2010 General Amount Weighted Disabled Retiree mortality table, projected to 2021, set forward one year for both males and females.
• Contingent Survivors	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021.
• Health Retirees	PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2022 valuation, were developed in the five-year experience study for the period ending 2021.

**Supplemental Information-  
Program Financial Schedules**

**Whitefish Housing Authority**  
**Program Schedule of Net Position**  
**June 30, 2023**

<b>ASSETS</b>	<b>Public Housing</b>	<b>Section 8 Voucher</b>	<b>Development/ Homeownership</b>	<b>Elimination</b>	<b>Combined Total</b>
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 352,191	\$ -	\$ 811,370	\$ -	\$ 1,163,561
Accounts receivable, net	11,294	4,483	6,599	(14,362)	8,014
Due from related party	-	26,988	21,275	(48,263)	-
Due from other governments	95,731	-	-	-	95,731
Prepaid expenses	8,675	-	-	-	8,675
Tenant security deposits	11,250	-	950	-	12,200
<b>Total current assets</b>	<b>479,141</b>	<b>31,471</b>	<b>840,194</b>	<b>(62,625)</b>	<b>1,288,181</b>
<b>Non-current Assets:</b>					
Capital Assets, non-depreciable	50,110	-	1,090,892	-	1,141,002
Capital Assets, depreciable, net	282,985	141	81,904	-	365,030
Accrued interest	-	-	8,125	-	8,125
Notes receivable	-	-	67,519	-	67,519
Other assets, restricted	-	-	810,599	-	810,599
<b>Total non-current assets</b>	<b>333,095</b>	<b>141</b>	<b>2,059,039</b>	<b>-</b>	<b>2,392,275</b>
<b>Total Assets</b>	<b>812,236</b>	<b>31,612</b>	<b>2,899,233</b>	<b>(62,625)</b>	<b>3,680,456</b>
<b>Deferred Outflows of Resources:</b>					
Pension related deferred outflows of resources	6,224	126	265	-	6,615
<b>Total Deferred Outflows of Resources</b>	<b>6,224</b>	<b>126</b>	<b>265</b>	<b>-</b>	<b>6,615</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 818,460</b>	<b>\$ 31,738</b>	<b>\$ 2,899,498</b>	<b>\$ (62,625)</b>	<b>\$ 3,687,071</b>
<b>LIABILITIES AND NET POSITION</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ 13,297	\$ 1,128	\$ 10,116	\$ (14,362)	\$ 10,179
Accrued liabilities	3,519	1,373	853	-	5,745
Compensated absences	3,388	-	-	-	3,388
Due to related party	34,769	-	13,494	(48,263)	-
Due to other governments	7,031	-	-	-	7,031
Unearned revenues	14,677	-	-	-	14,677
Tenant security deposits	11,250	-	950	-	12,200
<b>Total current liabilities</b>	<b>87,931</b>	<b>2,501</b>	<b>25,413</b>	<b>(62,625)</b>	<b>53,220</b>
<b>Non-current Liabilities</b>					
Compensated absences, long-term	880	-	-	-	880
Net pension liability	146,921	2,967	6,245	-	156,133
<b>Total long term liabilities</b>	<b>147,801</b>	<b>2,967</b>	<b>6,245</b>	<b>-</b>	<b>157,013</b>
<b>Total Liabilities</b>	<b>235,732</b>	<b>5,468</b>	<b>31,658</b>	<b>(62,625)</b>	<b>210,233</b>
<b>Deferred inflows of resources:</b>					
Pension related deferred inflows of resources	26,249	530	1,116	-	27,895
<b>Total Deferred Inflows of Resources</b>	<b>26,249</b>	<b>530</b>	<b>1,116</b>	<b>-</b>	<b>27,895</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>261,981</b>	<b>5,998</b>	<b>32,774</b>	<b>(62,625)</b>	<b>238,128</b>
Net investment in capital assets	333,095	141	1,172,796	-	1,506,032
Restricted net position	-	2,214	810,599	-	812,813
Unrestricted net position	223,384	23,385	883,329	-	1,130,098
<b>Total net position</b>	<b>556,479</b>	<b>25,740</b>	<b>2,866,724</b>	<b>-</b>	<b>3,448,943</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 818,460</b>	<b>\$ 31,738</b>	<b>\$ 2,899,498</b>	<b>\$ (62,625)</b>	<b>\$ 3,687,071</b>

**Whitefish Housing Authority**  
**Program Schedule of Revenues, Expenses and**  
**Changes in Net Position**  
**Year Ended June 30, 2023**

	<u>Public Housing</u>	<u>Section 8 Voucher</u>	<u>Development/ Homeownership</u>	<u>Elimination</u>	<u>Combined Total</u>
<b>REVENUE</b>					
Rental income	\$ 226,805	\$ -	\$ 15,665	\$ -	\$ 242,470
HUD operating subsidy	70,259	62,602	-	-	132,861
HUD operating grants	194,865	-	-	-	194,865
Program revenues	-	13,258	42,350	-	55,608
Other income	1,629	2,250	3,000	-	6,879
Total revenue	<u>493,558</u>	<u>78,110</u>	<u>61,015</u>	<u>-</u>	<u>632,683</u>
<b>EXPENSES</b>					
Administration	174,519	11,474	53,101	-	239,094
Tenant services	2,052	-	-	-	2,052
Utilities	46,283	-	-	-	46,283
Ordinary maintenance and operations	83,016	-	213	-	83,229
General expenses	122,583	1,544	21,606	-	145,733
Housing assistance payments	-	57,354	-	-	57,354
Depreciation expense	41,366	94	2,894	-	44,354
Total operating expenses	<u>469,819</u>	<u>70,466</u>	<u>77,814</u>	<u>-</u>	<u>618,099</u>
Operating income (loss)	23,739	7,644	(16,799)	-	14,584
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	5,492	-	3,250	-	8,742
HUD capital grants	34,212	-	-	-	34,212
Other expenses	(4,643)	-	-	-	(4,643)
Total nonoperating revenues (expenses)	<u>35,061</u>	<u>-</u>	<u>3,250</u>	<u>-</u>	<u>38,311</u>
Change in net position	58,800	7,644	(13,549)	-	52,895
Net position at beginning of year	497,679	18,096	2,880,273	-	3,396,048
Net position at end of year	<u>\$ 556,479</u>	<u>\$ 25,740</u>	<u>\$ 2,866,724</u>	<u>\$ -</u>	<u>\$ 3,448,943</u>

**Whitefish Housing Authority**  
**Program Schedule of Cash Flows**  
**Year Ended June 30, 2023**

	<b>Public Housing</b>	<b>Section 8 Voucher</b>	<b>Development Homeownership</b>	<b>Elimination</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>					
Rental receipts	\$ 226,862	\$ -	\$ 60,127	\$ -	\$ 286,989
Program receipts	12,275	62,602	-	-	74,877
HUD operating grants receipts	194,865	-	-	-	194,865
Other receipts	15,934	15,137	2,624	-	33,695
Tenant security deposits	750	-	-	-	750
Total receipts	<u>450,686</u>	<u>77,739</u>	<u>62,751</u>	<u>-</u>	<u>591,176</u>
Administration	114,990	35,146	41,091	-	191,227
Utilities	46,283	-	-	-	46,283
Ordinary maintenance and operations	83,016	-	213	-	83,229
General	119,685	1,544	42,028	-	163,257
Housing assistance payments	-	41,049	-	-	41,049
Total disbursements	<u>363,974</u>	<u>77,739</u>	<u>83,332</u>	<u>-</u>	<u>525,045</u>
Net cash provided by (used in) operating activities	86,712	-	(20,581)	-	66,131
<b>Cash flows from investing activities:</b>					
	-	-	-	-	-
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from HUD capital grants	34,212	-	-	-	34,212
Purchase of capital assets	(34,103)	-	(191,948)	-	(226,051)
Net cash provided by (used in) capital and related financing activities	<u>109</u>	<u>-</u>	<u>(191,948)</u>	<u>-</u>	<u>(191,839)</u>
Net increase (decrease) in cash and equivalents	86,821	-	(212,529)	-	(125,708)
Cash and equivalents at beginning of year	276,620	-	1,024,849	-	1,301,469
<b>Cash and equivalents at end of year</b>	<u>\$ 363,441</u>	<u>\$ -</u>	<u>\$ 812,320</u>	<u>\$ -</u>	<u>\$ 1,175,761</u>

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

Board of Commissioners  
Whitefish Housing Authority  
Whitefish, Montana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Whitefish Housing Authority (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 17, 2026.

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-1 and 2023-2 to be significant deficiencies.

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

Board of Commissioners  
Whitefish Housing Authority

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs at findings 2023-1 and 2023-2.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

FJ & Associates, PLLC  
Kaysville, Utah  
April 17,2026

**Whitefish Housing Authority**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

**Finding 2023-1: Financial Reporting – Untimely Filing of Audited Financial Statements.**

**Material Weakness**

**Criteria:** Entities are required to prepare and file audited financial statements within prescribed deadlines in accordance with applicable regulatory, statutory, or contractual requirements. Timely financial reporting ensures transparency, accountability, and the availability of relevant financial information to stakeholders for decision-making purposes.

**Condition:** During our audit, we noted that the Authority did not file its audited financial statements for the year ended 2023 within the required timeframe. The delay in filing indicates that the financial reporting process was not completed in a timely manner to meet established deadlines.

**Cause:** The delay in filing appears to be due to inadequate planning, limited staffing resources, and insufficient oversight of the financial reporting and audit process. Additionally, there may have been delays in the preparation and review of supporting schedules and audit documentation.

**Effect or Potential Effect:** Failure to file audited financial statements on time may result in noncompliance with regulatory or contractual requirements. It may also reduce the usefulness of the financial statements to stakeholders and could impact the Authority’s credibility, funding opportunities, or standing with oversight agencies.

**Recommendation:** The Authority should establish and implement a formal timeline for the preparation, review, and completion of its financial statements and audit. This should include clearly defined responsibilities, interim deadlines, and monitoring procedures to ensure timely completion. Management should also assess whether additional resources or external support are necessary to meet reporting deadlines in future periods.

**Response:**

**Finding 2023-2: Internal Control – Untimely Detection of Payroll Fraud**

**Material Weakness**

**Criteria:** A properly designed system of internal control includes procedures to prevent and detect fraud, particularly over payroll processing and compensation. Key controls include independent review and approval of payroll changes, segregation of duties, and oversight by those charged with governance. Management is responsible for establishing and maintaining internal controls to provide reasonable assurance that material misstatements, whether due to error or fraud, are identified in a timely manner.

**Condition:** During our audit, we noted that the Authority identified a payroll-related fraud involving the former Executive Director, who processed unauthorized additional compensation for himself during his tenure. While the Authority ultimately identified the fraudulent activity, it was not detected in a timely manner through the Authority’s system of internal controls. The delay in detection indicates that controls over payroll processing and review were not operating effectively.

**Whitefish Housing Authority**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2023**

**Cause:** The untimely detection of the fraud appears to be due to a lack of independent review and approval of payroll changes, particularly those affecting executive compensation. Additionally, there was inadequate segregation of duties within the payroll process, allowing the Executive Director to process and approve his own compensation without sufficient oversight. Monitoring controls and board-level oversight over payroll and compensation were also limited.

**Effect or Potential Effect:** The failure to detect unauthorized payroll activity in a timely manner increases the risk of misappropriation of assets and material misstatement of the financial statements. Unauthorized compensation may go undetected for extended periods, resulting in financial loss and delayed corrective action. This condition may also negatively impact stakeholder confidence in the Authority's governance and internal control environment.

**Recommendation:** The Authority should strengthen internal controls over payroll and executive compensation by requiring independent review and approval of all compensation changes, particularly for senior management. Payroll processing responsibilities should be segregated to the extent possible, and compensating controls should be implemented where segregation is limited. The Board of Commissioners or an equivalent governing body should provide active oversight, including periodic review of payroll reports and executive compensation. Additionally, management should implement procedures to regularly review payroll registers for unusual or unauthorized transactions and consider periodic internal audits or external reviews to ensure compliance with established policies.

**Response:**

**Whitefish Housing Authority**  
**Schedule of Findings and Questioned Costs – Prior Year**  
**Year Ended June 30, 2023**

**Finding 2022-1: Internal Control System**

**Material Weakness**

**Criteria:** A properly designed internal control structure relies greatly on a proper segregation of duties between several individuals. The duties related to initiating, authorizing, recording, processing and reporting financial data would be segregated so there is less likelihood that a misstatement of the entity's financial statements would occur.

**Condition:** During our audit we noted the Executive Director completed the bank reconciliation but there was not an independent person reviewing the completed reconciliation and bank statements from March, 2022 through June, 2022. In an ideal situation an independent person who is not authorizing transactions be responsible for this function. In addition, for the same time period of March, 2022 through June 2022, the Bank stopped providing the images of the cleared checks with the bank statements. These are important for the person doing an independent review of the bank statements to identify unusual items that cleared or alterations to the original checks.

**Cause:** The Authority did not have an independent person performing a review of the bank reconciliation and bank statement other than the person completing it. Also, we were unable to determine why the Bank stopped providing the check images.

**Effect or Potential Effect:** The lack of segregation of duties related to the controls over the cash process could result in a material misstatement in the financial statements or misuse of funds.

**Recommendation:** The Authority needs to review its internal control policy over significant process and implement controls to adequately segregate duties. The Authority is a small entity and the lack of segregation of duties is common among entities with minimal employees. In addition, the Authority should contact the Bank and obtain the check images each month.

**Response:** A process to mitigate any future issues surrounding delineation and segregation of duties have been implemented. WHA is floating the option of retaining a financial coordinator to assist in the interim period to get a better handle on the overall financial outlook of the authority.

**Status:** See finding 2023-2

**Finding 2022-2: Other Noncompliance Matters**

**Material Weakness/Noncompliance**

**Criteria:**

1. After each quarter, the Authority is required to complete for 941, Employer's Quarterly Federal Tax Return for all employee wages and report the amount of Federal taxes withheld and taxes due on these wages.

2. As required by HUD Cash Management Policies PIH Notice 96R33, the Authority is required to have the financial institution continuously and fully secure all deposits whether regular, savings, or time that are in excess of the \$250,000 FDIC insured amount.

**Whitefish Housing Authority**  
**Schedule of Findings and Questioned Costs – Prior Year (continued)**  
**Year Ended June 30, 2023**

**Finding 2022-2: Other Noncompliance Matters (continued)**

3. The Authority has entered into a Cooperation Agreement with the City of Whitefish, whereas in lieu of real or personal property taxes, the Housing Agency shall make a payment in lieu of taxes (PILOT) at the end of the fiscal year.

**Conditions:**

1. During our audit we noted Authority had withheld Federal payroll taxes on the wages and made the appropriate deposits but did not complete and submit Form 941 for the quarter ending June 30, 2022. The report is due by the last day of the month following the end of the quarter.

2. During our audit we noted Authority had bank deposits in the amount of \$7,218 which were not insured or collateralized as of June 30, 2022.

3. During our audit we noted the Authority did not make a PILOT payment during the year ended June 30, 2022: The Authority is behind on the payments and have been paying additional to reduce the liability. As of June 30, 2022, the liability was \$25,469 and the current year PILOT expense was \$8,559.

**Causes:**

1. The Authority contracted with a payroll service at the end of the year and there appeared to be an oversight in the filing of the report.

2. The Authority's did not have adequate controls over the monitoring of deposits that exceed the FDIC threshold.

3. The PILOT payment was overlooked for the year ended June 30, 2022.

**Effects or Potential Effects:**

1. The Authority was in noncompliance with Federal Employee Tax Regulations.

2. The Authority was in noncompliance with HUD regulations.

3. The Authority was in noncompliance with the Cooperation Agreement.

**Recommendations:**

1. We recommend the Authority complete and file the omitted form as soon as possible and to ensure these forms are remitted in the future at the end of each quarter as required by the IRS.

2. We recommend the Authority review its collateral needs on a quarterly basis to determine that pledging requirements are adequate to ensure compliance with HUD requirements and State Statute.

3. We recommend the PILOT be paid on an annual basis.

**Response:** Check image procedures were corrected to include a monthly statement of images. WHA is vigorously working to make sure that all matters of noncompliance are corrected and that regular deadlines and proper industry standards are achieved.

**Status:** Closed

TO: WHA Board of Commissioners & Audit Staff at FJ & Associates  
From: Riss Getts, Executive Director of Whitefish Housing Authority  
Date: April 23, 2026  
Subject: Response to FY2023 Audit Findings

Finding 2023-1: Financial Reporting – Untimely Filing of Audited Financial Statements

Response: Administrative recovery after the former director's illegal actions necessitated time-consuming, detailed review of financial statements, a federal investigation, and ultimately procuring both a new fee accountant & auditor. With limited staff availability, and low fee-accountant and auditor availability across the nation, this has taken quite some time to accomplish. WHA staff have built new financial management systems to streamline reporting processes and ensure the timely provision of financial information to fee accountants and auditors. Unaudited and audited FDS submissions will be on time moving forward with FY2026.

Finding 2023-2: Internal Control – Untimely Detection of Payroll Fraud

Response: Payroll has been transferred from ADP, a system where board members did not have access, to Gusto, with multiple board members have access to the system. Further, the Board Chair submits payroll each pay-period after employees have submitted their hours and the director has approved and corrected anything necessary. Payroll detail reports from Gusto sync directly with Quickbooks, where all accounting takes place and multiple board members also have access. Finally, P&L and Budget to Actual reports that include categorized payroll costs are provided to the Board of Commissioners every month.