

MISSOULA HOUSING AUTHORITY
Missoula, Montana

MANAGEMENT'S DISCUSSION & ANALYSIS
AND AUDITED FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

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MISSOULA HOUSING AUTHORITY
Missoula, Montana

**REPORT ON EXAMINATION
OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FISCAL YEAR ENDED SEPTEMBER 30, 2023



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Missoula Housing Authority
Missoula, Montana 59801

Rocky Mountain, Denver
Public Housing Division
1670 Broadway
Denver, Colorado 80202

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Missoula Housing Authority as of and for the year ended September 30, 2023, and the related notes to the financial statements which collectively comprise the Missoula Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Missoula Housing Authority, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (*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 Missoula Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, as listed in the table of contents, should be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our 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 procedure did not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Missoula Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as well as the Financial Data Schedules required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 11, 2023, on our consideration of the Missoula Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Missoula Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Missoula Housing Authority's internal control over financial reporting and compliance.

Rector, Reeder & Lofton, P.C.
Certified Public Accountants

Loganville, Georgia
March 11, 2024

MISSOULA HOUSING AUTHORITY
Missoula, Montana

MANAGEMENT'S DISCUSSION & ANALYSIS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

**MISSOULA HOUSING AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
FYE SEPTEMBER 30, 2023**

The management of the Missoula Housing Authority offers the readers of the Authority’s financial statements this narrative overview and analysis of the Authority’s financial activities for the year ended September 30, 2023.

This discussion and analysis is designed to:

- assist the reader in focusing on significant financial issues
- provide an overview of the Authority’s financial activity
- highlight changes in the Authority’s financial position
- identify individual program issues or concerns

Readers should consider the information presented here in conjunction with the Authority’s financial statements to obtain a full understanding of its financial position.

This management discussion and analysis is presented in accordance with the requirements of the Governmental Accounting Standards Board Statement No. 34 (GASB 34).

Questions concerning the information provided in this discussion or requests for additional information should be addressed to the Authority’s Executive Director.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$23,050,493 (net position) as opposed to \$22,474,946 for the prior fiscal year.
- The Authority’s cash and cash equivalents balance as of September 30, 2023, was \$7,794,672 representing an increase of \$856,637 or 12.35% from September 30, 2022. The restricted cash as of September 30, 2023, consisted of the following:

Tenant Security Deposits	\$	138,516
FSS Escrows		406,882
FSS Forfeitures		20,933
EHV Funds		11,295
Mainstream Vouchers		82,938
VA Homeless		55,585
HCV HAP Equity		26,836
BCU Reserves		175,666
PH Reserves		381,996
ROSS/SRO Funds		1,941
		\$ 1,302,588

- The Authority had total revenues of \$13,966,691 and total expenses of \$13,391,144 for the year ended September 30, 2023.

OVERVIEW OF THE FINANCIAL REPORTS

The following outline describes the integral parts of this financial presentation and is a guideline for understanding its components:

- I. Management Discussion & Analysis
 - a. Serves as an introduction to the Authority's basic financial statements
- II. Basic Financial Statements
 - a. Authority-wide financial statements
 - b. Program financial statements
 - c. Notes to the financial statements
- III. Other Required Supplementary Information

The financial statements in this report are those of a quasi-governmental entity engaged in a business type activity. The following statements are included:

- Statement of Net Position – presents information about the Authority's assets and liabilities and is similar to a balance sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where **assets – liabilities = "Net Position"** formerly known as Equity or Net Assets. Assets and liabilities are presented in order of liquidity and are classified as "current" (convertible to cash within one year), and "non-current." Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- Statement of Revenues, Expenses, and Changes in Net Position – reports the Authority's revenues by source and type and its expenses by category to substantiate the change in net position for the fiscal year.
- Statement of Cash Flows – discloses net cash provided by, or used for operating activities, non-capital financing activities, and capital and related financing activities.

Our analysis of the Authority as a whole follows with the most important question, "Has the Authority's financial health improved or worsened as a result of the year's activities?" The following analysis of entity-wide net position, revenues, and expenses is provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual method of accounting, which recognizes revenues when earned and expenses when incurred regardless of when cash is received or paid.

To fully understand the financial statements of the Housing Authority one must start with an understanding of what the Authority actually does. The following is a brief description of a few of the programs and services that the Authority provides for the residents within its jurisdiction of Missoula City Limits plus a radius of ten miles.

Section 8 Project Based Vouchers

Missoula Housing Authority owns 178 units. The Authority is responsible for the management, maintenance and utilities for all units and sites. During the prior audit period, MHA applied to HUD for Streamlined Voluntary Conversion under Section 22 of the US Housing Act of 1937. Missoula Housing Authority's PH portfolio has been converted to Section 8 Project Based Voucher units. Conversion at fiscal year-end was substantially complete. Rather than receiving PH Operating Subsidy from HUD, PBV funding is paid by HUD from Housing Choice Voucher sources. Tenants continue paying 30% of adjusted gross income for rent.

Section 8 Housing Choice Vouchers (HCV)

HUD has contracted with the Housing Authority for 904 Housing Choice Vouchers. The Authority pays a Housing Assistance Payment (HAP) to private landlords for low-income tenants. The HAP matches the difference between the total rent that the landlord can charge, at or below a fair market rent amount set by HUD, and the amount that

the tenant must pay, 30% of adjusted gross income. For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Housing Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program.

Permanent Supportive Housing (formerly known as Shelter Plus Care)

Permanent Supportive Housing vouchers provide housing subsidies to homeless persons with targeted disabilities who are linked to service providers in the community. Rental assistance (HAP) is paid directly to private landlords, with the tenant paying 30% of adjusted gross income to the landlord for rent. The Housing Authority applies for Permanent Supportive Housing grants through a statewide process known as "Continuum of Care." The initial grant covers a period of five years, with annual renewals after the first five-year period. MHA's grants fund about 98 vouchers.

Section 8 Moderate Rehabilitation Single Room Occupancy

MHA owns and manages a 14-unit single-room occupancy project for homeless persons. The housing subsidy provided by HUD is tied to the unit rather than the tenant, and tenants pay 30% of their adjusted gross income toward the rent. The Housing Authority pays for the maintenance and administration of the project with rents collected and an annual administrative fee from HUD.

Business Activities

The Authority participates in a variety of business activities unrelated to HUD including:

- Ownership and management of two units of unsubsidized low-income housing;
- Holding property for future development;
- Development of low- to moderate-income housing;
- Providing referral services to residents in property owned by tax credit investor partners;
- Property management for projects owned in part or in whole by the housing authority or related parties.

Palace Apartments Low-Income Housing (LIHTC)

Palace Apartments is a tax credit funded apartment complex which was sold by MHA Holdings LLC, a supporting organization of Missoula Housing Authority, to Palace Apartments LP in FY2012 to facilitate a substantial rehab of this historic property. The rehab was completed in June 2013. The complex is managed by Missoula Housing Authority and is limited to the income guidelines of IRS Code section 42. Units are restricted to families at 40%, 50% and 60% of area median income.

Valor House

With a Capital and Per Diem Grant from the Veterans Administration, MHA constructed Valor House, which has 17 one-bedroom apartments for homeless veterans. The property is managed by MHA, who contracted with the Poverello Center to provide a social services program for the residents during the audit year. MHA has elected not to renew Valor House's GPD Program funding with the Veteran's Administration after September 2023. In subsequent years, the 17-unit project will have VASH vouchers in place of GPD funding.

Intermountain Development Co.

MHA, through its instrumentality, Intermountain Development Group, entered into a partnership agreement with a private developer, Rocky Mountain Development Group, and the City of Missoula to engage in a mixed finance project of 115 units of affordable housing. In exchange for a capital contribution of sale proceeds from disposition of public housing in the amount of \$1 million, the development, known as Silvertip Apartments, includes 20 converted public housing units. These units are now Section 8 Project Based Voucher units. The project was completed in July 2012 and fully leased within 10 months. MHA manages the entire project.

River Ridge Apartments

In August 2013, MHA Holdings, LLC purchased a 70-unit senior Low-Income Housing Tax Credit (LIHTC) property known as River Ridge Apartments. The housing authority held a right of first refusal to purchase the property at the end of its 15-year LIHTC compliance period. In FY2016, MHA received an allocation of 9% tax credits. The project partnership closed in March 2017. In April 2017, construction began to rehab River Ridge’s 70 units and was finalized in December 2017.

Parkside Village

In May 2015, MHA Holdings II, LLC purchased a 104-unit family Low-Income Housing Tax Credit property known as Parkside Village. The housing authority held a right to purchase the property at the end of its 15-year LIHTC compliance period.

Russell Square Apartments

In July 2015, MHA Holdings III, LLC purchased the 51-unit family and senior Low-Income Housing Tax Credit property known as Russell Square Apartments. Housing Authority offices are also housed at this property. The housing authority held a right of first refusal to purchase the property at the end of its 15-year LIHTC compliance period, but the investor partner chose to exit the partnership early and turned over ownership to MHA in year 13.

Wildflower Apartments

In December 2017, MHA acquired Wildflower Apartments through its wholly owned, single member-controlled LLC, MHA Holdings LLC. Wildflower Apartments is a 96-unit family Low-Income Housing Tax Credit property with studio, one, two and three-bedroom units.

ANALYSIS OF AUTHORITY-WIDE NET POSITION (STATEMENT OF NET POSITION)

	FY 2023	FY 2022	NET CHANGE
Cash & Cash Equivalents	\$ 7,794,672	\$ 6,938,035	\$ 856,637
Other Current Assets	551,093	956,026	(404,933)
Capital Assets	20,392,453	20,977,802	(585,349)
Other Noncurrent Assets	<u>10,287,795</u>	<u>10,310,742</u>	<u>(22,947)</u>
TOTAL ASSETS	\$ <u>39,026,013</u>	\$ <u>39,182,605</u>	\$ <u>(156,592)</u>
Current Liabilities	\$ 836,907	\$ 884,143	\$ (47,236)
Non-current Liabilities	<u>15,138,613</u>	<u>15,823,516</u>	<u>(684,903)</u>
Total Liabilities	<u>15,975,520</u>	<u>16,707,659</u>	<u>(732,139)</u>
Net Investment in Capital Assets	10,880,790	10,706,545	174,245
Restricted	744,298	677,391	66,907
Unrestricted	<u>11,425,405</u>	<u>11,091,010</u>	<u>334,395</u>
Total Net Position	<u>23,050,493</u>	<u>22,474,946</u>	<u>575,547</u>
TOTAL LIABILITIES & NET POSITION	\$ <u>39,026,013</u>	\$ <u>39,182,605</u>	\$ <u>(156,592)</u>

The Authority’s cash and cash equivalents increased in FY2023 by \$856,637 or 12.35%, as illustrated in the accompanying Statement of Cash Flows. Other current assets decreased by \$404,933 or 42.36% due to decreases in receivables due to the inclusion of a new note receivable for the development of Villagio and Trinity properties in the prior period. Capital Assets decreased by \$585,349 or 2.79%. Other noncurrent assets decreased by \$22,947 or 0.22% due to a decrease in investment in joint ventures.

Total current liabilities decreased by \$47,236 or 5.34% during the year due to the timing of payables at year-end. Non-current liabilities decreased by \$684,903 or 4.33% due primarily to a decrease in noncurrent debt of \$791,716.

Total Net Position increased by \$575,547 or 2.56%.

ANALYSIS OF AUTHORITY-WIDE REVENUES AND EXPENSES (STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION)

Revenues

REVENUES	FY 2023	FY 2022	NET CHANGE
Tenant Revenue	\$ 2,204,661	\$ 1,868,128	\$ 336,533
Government Operating Grants	11,100,054	9,547,087	1,552,967
Other Revenue	544,723	597,297	(52,574)
Interest Income	117,253	57,314	59,939
Capital Grants	-	-	-
TOTAL REVENUES	\$ 13,966,691	\$ 12,069,826	\$ 1,896,865

Total Revenues increased by \$1,896,865 or 15.72%. Operating grants increased by \$1,552,967 or 16.27% due primarily to increased amounts received in the HCV programs as well as increased amounts received from the VALOR grant program. Other revenue decreased by \$52,574 or 8.8% due to decreased insurance proceeds received during the year. Tenant revenue increased by \$336,533 or 18.01% due to increased occupancy and higher average rents.

Expenses

The following table illustrates changes in expenses from FY2022 to FY2023. Total Expenses increased by \$1,453,509 or 12.18%. Discussion of the significant variances by category immediately follows:

EXPENSES	FY 2023	FY 2022	NET CHANGE
Administrative	\$ 2,071,286	\$ 1,804,607	\$ 266,679
Tenant Services	563,385	531,972	31,413
Utilities	297,756	238,999	58,757
Maintenance	1,127,231	1,166,298	(39,067)
Protective Services	1,690	686	1,004
Interest Expense	363,870	385,071	(21,201)
General Expense	370,221	419,309	(49,088)
Housing Assistance Payments	7,719,532	6,530,518	1,189,014
Depreciation	876,173	860,175	15,998
TOTAL EXPENSES	\$ 13,391,144	\$ 11,937,635	\$ 1,453,509

Administrative expenses increased by \$266,679 or 14.78% due to increases in salaries and benefits of \$204,393 or 14.42% due to merit increases during the year. Tenant services increased by \$31,413 or 5.91%. Utilities increased by \$58,757 or 24.58% due to increased rates and consumption. Maintenance expense decreased by \$39,067 or 3.35% due to fewer projects in the current year. Protective services increased by \$1,004 or 146.36% due to increased contract costs. General expenses decreased by \$49,088 or 11.71% due to decreases in bad debt and other general expenses. Interest expense decreased by \$21,201 or 5.51% due to the amortization of long-term debt. HAP expense increased by \$1,189,014 or 18.21% due to increased utilization. Depreciation expense increased by \$15,998 or 1.86%.

CAPITAL ASSETS

At year-end, the Authority had \$20,392,453 invested in capital assets as outlined in the following schedule, which represents a net decrease of \$585,349 or 2.79% from the end of the last year.

CAPITAL ASSETS	FY 2023	FY 2022	NET CHANGE
Land	\$ 5,362,434	\$ 5,362,434	\$ -
Buildings	24,303,638	24,252,769	50,869
Improvements	4,259,477	4,065,532	193,945
Furniture, Equipment & Machinery	902,737	858,159	44,578
Construction in Progress	<u>191,738</u>	<u>190,306</u>	<u>1,432</u>
	35,020,024	34,729,200	290,824
Less Accumulated Depreciation	<u>(14,627,571)</u>	<u>(13,751,398)</u>	<u>(876,173)</u>
TOTAL CAPITAL ASSETS	\$ <u>20,392,453</u>	\$ <u>20,977,802</u>	\$ <u>(585,349)</u>

Major changes in the capital asset accounts are summarized below:

Balance as of October 1, 2022	\$ 20,977,802
Capital additions – Operations	290,824
Depreciation expense	<u>(876,173)</u>
Balance as of September 30, 2023	<u>\$ 20,392,453</u>

DEBT OUTSTANDING

MHA has debt through an Energy Performance Contracting loan which will be repaid over 17 years with energy savings and HUD incentives. At the end of the fiscal year, the balance of this debt was \$1,754,765.

Effective February 26, 2010, the Housing Authority entered into a loan agreement with the City of Missoula in an amount totaling \$235,000. This note is a CDBG sponsor loan and is designed to help finance affordable housing owned by the Garden District I, LP. Under the terms of the note, simple interest shall accrue at a rate of 1.0% per annum. Interest shall accrue from the date of the Note until September 1, 2024. Annual payment of interest only in the amount of \$4,350 shall be due on September 1, 2024 and on September 1, 2025. Beginning September 1, 2026, annual payments in the amount of \$27,924.53 shall be made until September 1, 2045, when the entire balance of principal and all accrued interest is payable under this note. The note is secured by a second deed of trust on the Project. As of September 30, 2023, the principal balance was \$235,000. All amounts are considered long-term.

On August 25, 2017, the Housing Authority entered into a loan agreement with the Montana Board of Housing in an amount totaling \$144,272. Under the terms of the note, simple interest shall accrue at a rate of 4.00% per annum for 110 California, a 6-unit MHA developed complex. Monthly payments of \$688.78 did not begin until November 1, 2017. As of September 30, 2023, the balance outstanding was \$127,651.

On January 7, 2021, the Housing Authority entered into a loan agreement with the Montana Board of Housing in an amount totaling \$150,000. Under the terms of the note, simple interest shall accrue at a rate of 2.00% per annum for Cornerstone Apts, a 12-unit MHA developed Permanent Supportive Housing project. Monthly payments of \$554.43 did not begin until March 1, 2021. As of September 30, 2023, the balance outstanding was \$140,323.

During FY2018, the Authority acquired Wildflower Apartments. Along with this acquisition came debt in the amount of \$7,300,000, and payments began in January 2023. As of September 30, 2023, \$6,773,924 was outstanding, of which \$147,650 was considered current.

During FY2020, the Authority acquired another note of Affordable Housing Program Subsidy to be used in the development of Cornerstone Apartments. This note is forgivable so long as the restrictions governed for the development are complied with. The balance of this note as of September 30, 2023, is \$480,000 and is considered non-current.

During a prior period, the Authority acquired a note for Garden District for rehab work. The balance of this note was repaid during the fiscal year.

During FY2022, the Authority acquired a note for Villagio and Trinity properties, which will be funded with HOME funds. The balance of this note as of September 30, 2023 is \$5,501,000.

	Balance at 9/30/2022	Increases	Decreases	Balance at 9/30/2023
First Security Bank - EPC Loan	\$ 1,992,068	\$ -	\$ (237,303)	\$ 1,754,765
City Loan - CDBG	235,000	-	-	235,000
Capital Debt - Wildflower Apts	6,925,647	-	(151,723)	6,773,924
AHP Subsidy	480,000	-	-	480,000
Montana Board of Housing	274,872	-	(6,898)	267,974
Garden District Rehab	363,670	-	(363,670)	-
HOME Funds - Trinity & Villagio	5,501,000	-	-	5,501,000
	<u>\$ 15,772,257</u>	<u>\$ -</u>	<u>\$ (759,594)</u>	<u>\$ 15,012,663</u>

NON-FEDERAL ACTIVITIES

MHA has three component units, is the permanent lender and management agent of a LIHTC project called Maclay Commons, and is the general and managing partner of the Garden District Phase I project and the Palace Apartments LP. MHA, through its subsidiaries, is the sole owner of Russell Square Apartments, Parkside Village and Wildflower Apartments.

Non-profit component unit Intermountain Development Company purchased a 12-acre site in 2003 and subdivided the property into five lots. In April 2009, MHA received an allocation of 9% tax credits and has completed the development of a 37-unit tax credit housing project on Lot 4 of the subdivision, **Garden District Apartments**. Two lots, 3 & 5, were sold on December 24, 2012. The remaining two lots were sold in November 2013. Intermountain Development Company is a 17.39% owner of the Silvertip Apartments mixed finance development.

Garden City Neighbors was formed in 2002 and has been used to purchase and hold several properties for various non-profit or governmental entities. It is not limited to MHA's jurisdiction, and in November 2005 purchased a tract of land in Stevensville, Montana with an allocation of tax credits already awarded. The tax credits had to be returned to the State when the development could not proceed because the City of Stevensville could not provide sufficient water to the site and was not permitted by the State to issue building permits. In FY2022, the bank loan was paid off using unrestricted development funds. The Stevensville land was sold in FY2023. Garden City Neighbors is the general partner of the Maclay Commons tax credit partnership.

Component unit MHA Holdings, LLC was formed in September 2006 as a single-purpose entity to purchase the Palace Apartments. MHA Holdings sold the Palace to the Palace Apartments Limited Partnership in April 2013. In August 2013, MHA Holdings purchased River Ridge Apartments, a 70-unit senior tax credit property. In March 2017, MHA Holdings sold River Ridge to River Ridge LLLP. In December 2017, MHA Holdings LLC purchased Wildflower apartments, a 96-unit family Low Income Housing Tax Credit property.

SIGNIFICANT FUTURE EVENTS

MHA has contracted with BlueLine Development to develop a 3-acre parcel of land with 200 proposed units, referred to as Villagio Apartments. MHA has contributed disposition funds for 24 Project-Based Voucher units.

In 2023, MHA applied to HUD for a conversion of public housing units to Section 8 Project Based Vouchers under the Streamlined Voluntary Conversion Program. At fiscal year-end, conversion was nearly complete. No disposition of units or construction of new units is contemplated, but simply a conversion from one source of subsidy to another.

MHA is also partnering with BlueLine Development and a local non-profit, Homeword Inc., to develop a second 202-unit project located on two separate sites, Trinity Apartments. This project will have 30 permanent supportive housing units and 100 family housing units on one site, and 72 units of family housing on a second site.

MHA has elected not to renew Valor House's GPD Program funding with the Veteran's Administration after September 2023. In subsequent years, the 17-unit project will have Veterans Affairs Supportive Housing (VASH) Vouchers in place of GPD funding.

ECONOMIC FACTORS

Listed below are significant economic factors that may impact the Authority in the future.

- Interest rates for short term loans, in particular construction loans, remain relatively low. Permanent lending appears to be somewhat easier to obtain with interest rates remaining around 5%-6%-6%-7%. The interest rates have a significant effect on new construction and acquisition/rehab projects the Housing Authority is undertaking.
- The current economic climate may affect pricing and availability of both 4% and 9% tax credits, and cannot be predicted at this time.
- Construction contractors and subcontractors in the Missoula community and throughout the State, and even the country, have been in short supply driving up construction costs.
- Various economic factors in 2023 have caused significant volatility in the U.S. Markets. The extent of the impact of current economic conditions on the financial performance, including unemployment rates and the ability for tenants to pay their rent, will depend on certain developments in the economy, which is uncertain and cannot be determined at this time.

FINANCIAL CONTACT

Questions concerning any of the information provided in this Management Discussion & Analysis should be addressed to:

Missoula Housing Authority
Executive Director
1235 34th Street
Missoula, MT 59801
(406) 549-4113

MISSOULA HOUSING AUTHORITY
Missoula, Montana

AUDITED FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2023

MISSOULA HOUSING AUTHORITY
Missoula, MT

STATEMENT OF NET POSITION

	ASSETS		
	SEPTEMBER 30, 2023	DECEMBER 31, 2022	
	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT</u>	<u>TOTAL (Memorandum Only)</u>
<u>Current Assets</u>			
Cash & cash equivalents - unrestricted	\$ 6,492,084	\$ 1,665,832	\$ 8,157,916
Cash & cash equivalents - restricted	1,302,588	1,459,810	2,762,398
Accounts receivable, net	403,600	1,886,955	2,290,555
Investments - unrestricted	-	-	-
Notes receivable	28,582	-	28,582
Prepaid expenses	109,960	120,208	230,168
Inventories, net	8,951	-	8,951
	<hr/>	<hr/>	<hr/>
Total Current Assets	8,345,765	5,132,805	13,478,570
<u>Noncurrent Assets</u>			
Notes receivable	7,135,255	1,016,649	8,151,904
Other assets	-	39,045	39,045
Investment in joint ventures	3,152,540	-	3,152,540
	<hr/>	<hr/>	<hr/>
Total Other Noncurrent Assets	10,287,795	1,055,694	11,343,489
Capital Assets			
Land	5,362,434	2,425,923	7,788,357
Buildings	24,303,638	23,856,599	48,160,237
Improvements	4,259,477	580,132	4,839,609
Furniture & equipment	902,737	830,482	1,733,219
Construction in progress	191,738	-	191,738
	<hr/>	<hr/>	<hr/>
	35,020,024	27,693,136	62,713,160
Less: Accumulated depreciation	(14,627,571)	(14,471,899)	(29,099,470)
Total Capital Assets	<hr/>	<hr/>	<hr/>
	20,392,453	13,221,237	33,613,690
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	30,680,248	14,276,931	44,957,179
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 39,026,013	\$ 19,409,736	\$ 58,435,749

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

LIABILITIES & NET POSITION

	SEPTEMBER 30, 2023	DECEMBER 31, 2022	
	PRIMARY GOVERNMENT	COMPONENT UNIT	TOTAL (Memorandum Only)
<u>Current Liabilities</u>			
Accounts payable	\$ 96,702	\$ 68,192	\$ 164,894
Accrued liabilities	126,988	1,979,175	2,106,163
Unearned revenue	72,981	46,469	119,450
Current portion of mortgage & notes payable	401,720	224,044	625,764
Tenant security deposits/escrow deposits	<u>138,516</u>	<u>148,223</u>	<u>286,739</u>
 Total Current Liabilities	 <u>836,907</u>	 <u>2,466,103</u>	 <u>3,303,010</u>
 <u>Noncurrent Liabilities</u>			
Accrued compensated absences	109,837	-	109,837
Mortgage & Notes Payable - net of current	9,109,943	7,525,811	16,635,754
Other noncurrent liabilities	417,833	100,248	518,081
Loan Liability - non current	<u>5,501,000</u>	<u>-</u>	<u>5,501,000</u>
 Total Noncurrent Liabilities	 <u>15,138,613</u>	 <u>7,626,059</u>	 <u>22,764,672</u>
 TOTAL LIABILITIES	 <u>15,975,520</u>	 <u>10,092,162</u>	 <u>26,067,682</u>
 <u>NET POSITION</u>			
Net Investment in Capital Assets	10,880,790	5,471,382	16,352,172
Restricted	744,298	818,775	1,563,073
Unrestricted	<u>11,425,405</u>	<u>3,027,417</u>	<u>14,452,822</u>
 TOTAL NET POSITION	 <u>23,050,493</u>	 <u>9,317,574</u>	 <u>32,368,067</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 39,026,013</u>	 <u>\$ 19,409,736</u>	 <u>\$ 58,435,749</u>

MISSOULA HOUSING AUTHORITY

Missoula, MT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED

	SEPTEMBER 30, 2023	DECEMBER 31, 2022	
	PRIMARY	COMPONENT	TOTAL
	GOVERNMENT	UNIT	(Memorandum Only)
<u>Operating Revenues</u>			
Dwelling rent	\$ 2,204,661	\$ 2,320,683	\$ 4,525,344
Governmental grants & subsidy	11,100,054	-	11,100,054
Other income	544,723	150,556	695,279
Total Operating Revenues	13,849,438	2,471,239	16,320,677
<u>Operating Expenses</u>			
Administration	2,071,286	465,803	2,537,089
Tenant services	563,385	-	563,385
Utilities	297,756	258,755	556,511
Maintenance & operations	1,127,231	670,989	1,798,220
Protective services	1,690	1,217	2,907
General expense	370,221	208,564	578,785
Housing assistance payments	7,719,532	-	7,719,532
Depreciation expense & amortization	876,173	983,693	1,859,866
Total Operating Expense	13,027,274	2,589,021	15,616,295
Net Operating Income/(Loss)	822,164	(117,782)	704,382
<u>Nonoperating Revenues/(Expenses)</u>			
Investment & mortgage income	117,253	1,614	118,867
Interest expense	(363,870)	(327,841)	(691,711)
Net Nonoperating Revenues/(Expenses)	(246,617)	(326,227)	(572,844)
Increase/(Decrease) in Net Position	575,547	(444,009)	131,538
Total Net Position - beginning	22,474,946	9,761,583	32,236,529
Total Net Position - ending	\$ 23,050,493	\$ 9,317,574	\$ 32,368,067

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

MISSOULA HOUSING AUTHORITY
Missoula, MT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED

	SEPTEMBER 30, 2023	DECEMBER 31, 2022	
	PRIMARY GOVERNMENT	COMPONENT UNIT	TOTAL (Memorandum Only)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers and users	\$ 2,749,384	\$ 2,471,239	\$ 5,220,623
Governmental grants & subsidy - operations	11,100,054	-	11,100,054
Payments to suppliers	(493,699)	(675,430)	(1,169,129)
Payments for housing assistance	(7,719,532)	-	(7,719,532)
Payments to employees	(3,426,788)	(909,970)	(4,336,758)
NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	2,209,419	885,839	3,095,258
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Repayment of notes receivable, net	(55,747)	-	(55,747)
Issuance of notes receivable	-	(1,065)	(1,065)
Proceeds from investments	375,000	-	375,000
Interest received	117,253	1,614	118,867
NET CASH PROVIDED/(USED) FROM INVESTING ACTIVITIES	436,506	549	437,055
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition of capital assets - operations	(290,824)	(39,137)	(329,961)
Mortgage notes payable issued	-	-	-
Repayment of debt obligations	(759,594)	(238,345)	(997,939)
Interest paid	(363,870)	(327,841)	(691,711)
NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,414,288)	(605,323)	(2,019,611)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,231,637	281,065	1,512,702
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,563,035	2,844,577	9,407,612
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 7,794,672	\$ 3,125,642	\$ 10,920,314
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net Income/(Loss) from operations	\$ 822,164	\$ (117,782)	\$ 704,382
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation & amortization	876,173	983,693	1,859,866
Decrease (Increase) in accounts receivable	401,616	(824,596)	(422,980)
Decrease (Increase) in prepaid expenses	2,561	(11,688)	(9,127)
Decrease (Increase) in inventory	(376)	-	(376)
Decrease (Increase) in investment in joint venture	79,826	-	79,826
Increase (Decrease) in accounts payable	(50,808)	(7,877)	(58,685)
Increase (Decrease) in accrued liabilities	(38,827)	838,126	799,299
Increase (Decrease) in unearned revenue	5,942	19,288	25,230
Increase (Decrease) in other noncurrent liabilities	111,856	(5,816)	106,040
Increase (Decrease) in security/trust deposits	(708)	12,491	11,783
NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	\$ 2,209,419	\$ 885,839	\$ 3,095,258

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY:

Introduction - The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The following summary of the more significant accounting policies is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

Organization - The Missoula Housing Authority ("The Authority") is a Quasi-governmental entity which was organized under the laws of the State of Montana as a tax-exempt, quasi-governmental entity under the United States Housing Act of 1937. The Missoula Housing Authority (MHA) is a public non-profit organization dedicated to providing safe, decent and affordable housing to individuals and families in Missoula, MT and within a 10-mile radius of Missoula's city limits.

Missoula voters created the Missoula Housing Authority in 1978. Currently, Montana state law says that public-housing authorities shall address the problems of poor building conditions, improper planning, excessive land coverage, and unsafe conditions caused by overcrowding. As of September 30, 2023, the Missoula Housing Authority owned, managed, or provided subsidy to over 1,124 housing units.

The seven-member Board of Commissioners governs the Missoula Housing Authority and is responsible for establishing policy and approving MHA's annual budget. The Board of Commissioners also hires the Executive Director, who serves as the agency's Chief Executive Officer. The Executive Director oversees the day-to-day operations of the Housing Authority and implements policies and programs established by the Board.

Each Board member is appointed by the Mayor of Missoula. Two of the seven member board are resident commissioners who are MHA residents as well as members of the board. Resident commissioners serve a 2-year term. The remaining five commissioners commit to a 5-year term.

Reporting Entity - All activities, programs and organizations on which the PHA exercises oversight responsibility have been included in the financial statements for the year ended September 30, 2023. This report does not exclude any operations of the PHA. The following criteria regarding manifestation of oversight were considered by the IPA in its evaluation of the PHA's organization and activities.

- a. **Financial Interdependency** – The PHA is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the PHA.
- b. **Election of Governing PHA** – The locally appointed Board of Commissioners is exclusively responsible for all public decisions and accountable for the decisions it makes.
- c. **Designation of Management** – The Mayor appoints the Board of Commissioners, who in turn hires the Executive Director. The Executive Director is responsible for the management of the PHA. The activities under the purview of management are within the scope of reporting entity of management is accountable to the PHA for the activities being managed.
- d. **Ability to Significantly Influence Operations** – The Board of Commissioners has the statutory authority under the provisions of the Bylaws of the PHA to significantly influence operations. This authority includes, but is not limited to, adoption of budgets, control over all assets, including facilities and properties, signing contracts, and developing the programs to be provided.
- e. **Accountability for Fiscal Matters** – The responsibility and accountability over all funds is vested in the PHA's management.

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

A summary of each of the programs administered by the Authority included in the financial statements is provided below to assist the reader in interpreting the financial statements. These programs constitute all programs subsidized by HUD and operated by the Authority.

Section 8 Housing Assistance – Project Based Vouchers –On December 31, 2020 the Housing Authority received a letter from the Department of Housing & Urban Development which outlined the steps for the conversion of its existing Public Housing units into Section 8 housing assistance via Section 22 of the U.S. Housing Act of 1937. The Streamlined Voluntary Conversion application and Plan converted 178 dwelling units to Section 8 Housing Choice Voucher tenant-based assistance and retain certain dwelling units, non-dwelling buildings and specific land. As of September 30, 2021, the conversion and transfer was complete. MHA converted all 178 PH units to Project Based Vouchers during the audit period by Streamlined Voluntary Conversion under Sec 22 of the US Housing Act of 1937.

Housing Assistance Payments Program – Section 8 of the Housing and Community Development Act of 1974 provides subsidies (“Housing Assistance Payments”) on behalf of lower-income families to participating housing owners. Under this program, the landlord-tenant relationship is between a housing owner and a family rather than the Authority and a family as in other low-income housing programs. For existing housing, and in some cases in new construction and substantial rehabilitation, HUD contracts with the Authority to enter into contracts with owners to make assistance payments for the difference between the approved contract rent and the actual rent paid by the lower-income families. With regard to new or substantially rehabilitated housing under the Housing Assistance Payments Program, the Authority may also be the owner-developer. This program provided a total of 904 units of rental assistance.

Shelter Plus Care – The Shelter Plus Care Program offers housing to members of the disabled community that is linked directly to services appropriate to each resident. The housing comes from renting apartments in the community using rental assistance paid directly to a landlord. Services, such as mental and medical health, case management, education and training, and rehabilitation care are provided through partnerships with local agencies. The Housing Authority does its part by having regular contact with the resident to help him or her succeed and to administer the program. The client plays a key role in the program, too, in constantly working towards the goal of self-sufficiency and independence. MHA has targeted disabled populations that include those with mental illness, recovering from drug or alcohol abuse, or has AIDS/HIV for the Shelter Plus Care Program. This program provided a total of 98 units of rental assistance.

Veterans Homeless Providers Grant (Valor House) – The Valor House was completed in September of 2005 to serve homeless U.S. veterans. There are 17 fully furnished one-bedroom apartments and many community spaces including a community kitchen, a library, game room, a large lobby, private meeting spaces and computer spaces. During the audit year, Valor House residents have a minimum one-year stay and when a veteran successfully ‘graduates’ from the program, after one year, he/she will be eligible to receive a tenant-based Section 8 rental subsidy voucher to attain permanent housing of their choice. In subsequent years, Valor House is no longer transitional housing. VASH vouchers are in place of PBVs and the GPD Program Grant funding is not longer applicable. The project is located within walking distance to many services including public transit, a supermarket, the VA out patient medical clinic and VA vocational rehab facilities.

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

Moderate Rehabilitation/SRO Program – The objective of this program is to provide housing for eligible homeless individuals through housing assistance payments to eligible landlords. During the audit period, MHA was eligible for funding for 14 units and received \$46,842 of assistance that was utilized at the Uptown Apartments, a business activity of MHA.

Family Self-sufficiency Program – The goal of the Family Self-Sufficiency Program (FSS) is to provide clients with a way out of poverty and dependency throughout their own efforts and accomplishments. FSS Escrow activities are included in both the Low-rent Public Housing Program and Housing Choice Voucher Programs.

Business Activities – This program area consists of six primary activities. This includes the Development Fund, the operation of the Uptown Apartments (a SRO facility owned by MHA and partially funded by the MR/SRO HUD program funding mentioned previously), the Business Activities Fund (consisting of two parcels, one deeded from Missoula County, the other purchased in 2003), 110 California (a six-unit MHA developed and owned affordable housing property); Cornerstone Apartments (a 12 unit project serving chronically homeless); and MHA Homes (178 formerly PH units converted to PBV units).

BLENDED COMPONENT UNITS

A review of activities associated with the Missoula Housing Authority revealed four entities that are considered blended component units of the Authority. These are as follows:

Intermountain Development Corporation, Inc. (IDC) – IDC is a private, non-profit 501(c)3 corporation, created and existing under the laws of the State of Montana and acting as an instrumentality of the Missoula Housing Authority. As of September 30, 2023, the IDC board composition was comprised of a majority interest of the Housing Authority. Accordingly, the financial statements are presented on a blended basis and are included in the consolidated Enterprise Fund financial statement presentation. The IDC was established to expand housing opportunities for low and moderate-income residents of Missoula County. IDC's primary activity relates to the purchase and ownership of a 12-acre site to develop a mixed use, mixed income and mixed ownership project centrally located near downtown Missoula, along Russell Street, which was sold in the current fiscal year. As of September 30, 2023, the entity still exists and only a few assets still remain in the corporation. The combining schedule in the supplemental information shows a summary of the net position and operating results for this entity.

MHA Holdings LLC (MHLLC) – MHLLC is a private, non-profit corporation, created in September 2006 as a component unit of the Missoula Housing Authority. As of September 30, 2022, the MHLLC board composition was comprised of a majority interest of the Housing Authority. Accordingly, the financial statements are presented on a blended basis and are included in the consolidated Enterprise Fund financial statement presentation. MHA Holdings LLC was created to assist with the acquisition of certain affordable housing in the Missoula area. On August 30, 2013, MHA Holdings LLC, purchased from the Bitterroot Housing Limited Partnership 70 units of affordable housing which is known as River Ridge Apartments. The property was acquired with a mortgage note as disclosed further in the notes to the financial statements. In March of 2016 MHA Holdings transferred its interest in River Ridge Apartments into a partnership, River Ridge Apartments, LLLP, and in December 2017 purchased a 96-unit Low Income Housing Tax Credit property known as Wildflower Apartments. The property was acquired with a mortgage note as disclosed further in the notes to the financial statements.

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

Garden City Neighbors, Inc. (GCN) – GCN is a private, non-profit 501 (c) 3 corporation, created on April 23, 2002, and functions as an instrumentality of the Missoula Housing Authority to provide high quality, safe and sanitary housing which is affordable to low-income residents. Its jurisdiction is statewide. As of September 30, 2012, the GCN board, consisting of three directors, had one member outside of MHA employees or board members. GCN was initially created to expand housing opportunities for low and moderate income households. In 2005, it assisted with the creation and development of Maclay Commons, a Low-income Housing Tax Credit Development and in this capacity acts as the General Partner of Maclay Commons Associates, LP. In addition, GCN contributed land to Maclay and this donation is reflected in other assets. GCN had the right of first refusal to purchase the development at the end of the tax-credit compliance period. In addition, MHA is the operating deficit guarantor of the development, however Annual Contributions Contract assets and income streams are released from the guarantee. GCN sold acreage in Stevensville, Montana in FY2021.

Bristlecone Development LLC (BDLLC) – BDLLC is a private, non-profit corporation, created in November 2011 as a component unit of the Missoula Housing Authority. As of September 30, 2023, the BDLLC board composition was comprised of a majority interest of the Housing Authority. Accordingly, the financial statements are presented on a blended basis and are included in the consolidated Enterprise Fund financial statement presentation. BDLLC was created to serve as the general contractor for the rehabilitation of the Palace Apartments, a complex containing 60 units that are reserved exclusively for low-income residents. It was purchased by MHA on September 29, 2006, and subsequently sold to Palace Apartments LP on April 27, 2012, and rehab was complete in June 2013.

DISCRETELY PRESENTED COMPONENT UNITS

A review of the activities associated with the Missoula Housing Authority revealed five entities that are considered to be discretely presented component units of the Authority. These entities are being reported as discretely presented component units because they are partnerships and have a different fiscal year end. These properties are as follows:

- Parkside Village Apartments – acquired May 31, 2015
- Russell Square Apartments, L.P. – acquired July 31, 2015
- Maclay Commons Associates, L.P. – acquired March 1, 2017
- Garden District I, LP – acquired January 1, 2010
- Palace Apartments – acquired December 1, 2012

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

Basis of Presentation: Program Accounting – The accounts of the Authority are organized on the basis of programs, each of which is considered a separate accounting entity. The Authority has created a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The funds of the Authority are all considered proprietary fund types and consolidated into one enterprise fund. The Authority's proprietary funds are enterprise funds used to account for activities that are operated in a manner similar to those found in the private sector. Proprietary fund equity is segregated into three broad components: Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position.

Basis of Accounting:

The accounting policies of the Missoula Housing Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. Revenues are recognized when earned and expenses are recognized as soon as a liability is measurable or incurred.

Budgets and Budgetary Accounting:

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its enterprise funds receiving expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with generally accepted accounting principles ("GAAP").

The Public Housing Program prepares its budget annually. The Board of Commissioners adopts the budget through passage of a budget resolution. MHA is not required to submit the adopted budget to HUD.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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. Based upon the change in basis of accounting from those prescribed by the U.S. Department of Housing and Urban Development to those prescribed by accounting principles generally accepted in the United States of America, adjustments were made to some of the Authority's accounts. Some of the significant adjustments made were to capital assets, notes payable and related accrued interest payable, and contributed capital, and required the use of estimates. Management of the Authority believes the estimates used were reasonable.

1. Cash and Investments:

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Authority.

Investments are stated at cost, which approximates market.

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

2. Tenant Accounts Receivable and Tenant Security Deposits:

The Authority performs credit evaluations of its tenants and requires a fixed amount security deposit based on bedroom size. These tenant security deposits are classified as liabilities on the balance sheets. The Authority periodically reviews accounts receivable and determines whether an allowance for doubtful accounts is necessary. At September 30, 2023, an allowance for doubtful accounts of \$14,528 is included in the financial statements.

3. Intergovernmental Receivables:

Intergovernmental receivables represent grants due from HUD and other governmental entities at September 30, 2023.

4. Inventory:

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is valued at cost and the Authority uses the weighted-average flow assumption in determining cost. Inventory at September 30, 2023 was shown at an historical cost basis.

5. Prepaid Expenses:

Payments made to vendors for services that will benefit periods beyond September 30, 2023 are recorded as prepaid expenses.

6. Buildings and Equipment:

Capital assets are recorded at cost. Those assets with an expected life of more than two years and a market value over \$5,000 are capitalized. Expenses that materially increase the life or value of existing assets are capitalized. Ordinary maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is recognized at that time. Depreciation is determined utilizing the straight-line method over the following estimated useful lives:

Buildings	30 years
Building improvements	10 years
Furniture, equipment, and machinery	5-7 years

7. Subsidies:

Subsidies received from the Department of Housing and Urban Development or other grantor agencies are recorded as operating revenue only when the related expenses are for operations. Consequently, grant funds which are for capital outlays are treated as an addition to retained earnings rather than operating revenue.

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

8. Income Taxes:

The Missoula Housing Authority is a quasi-governmental entity. The Authority is not subject to Federal or State income taxes.

9. 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.

10. Compensation for Future Absences:

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No.16, "*Accounting for Compensated Absences*," the Authority accrues the liability for those absences where the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Accrual is recorded as an expense and related liability in the year earned by employees.

The policy of the Authority is to accumulate earned but unused annual vacation benefits, which will be paid to employees upon separation from Authority service. Vested or accumulated vacation is earned at a rate of 15 days per year for the first five years of service, up to a maximum of 24 days per year after 16 or more years of service. The maximum permissible accumulation is two times the annual amount of leave earned. At termination, employees are paid for any accumulated vacation leave. Sick leave is accumulated at the rate of one day per month. There is no maximum accrual of sick leave. Upon termination of employment sick leave is paid out at 25% of the accrued amount.

11. Operating Revenue:

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the non-operating revenue and expense.

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

12. The terms of the Board are as follows:

	Expiration of Term
Kaia Peterson, Chair	June 25, 2028
Sheena Comer Winterer, Vice Chair	June 25, 2024
Kila Shields, Commissioner	June 25, 2026
Collin Bangs, Commissioner	June 25, 2027
Teigen Avery, Commissioner	June 25, 2028
John (Jack) Richards, Resident Commissioner	June 25, 2025
Jennifer Cerutti, Resident Commissioner	June 25, 2025

In addition to the above Commissioners, the Administrator of the Housing Authority is Sam Oliver, who serves on the Board as Secretary and is the Executive Director. Based upon the above criteria, all the operations of the PHA are included in these financial statements and there are no operations or component units which have been excluded in this report.

13. New Accounting Pronouncements:

During FY 2023, the Authority did not implement any new pronouncements that would have a material effect on the financial statements.

NOTE B - CASH AND CASH EQUIVALENTS:

All the deposits of the Missoula Housing Authority are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. The Missoula Housing Authority has no policy regarding custodial credit risk for deposits.

At September 30, 2023, the Authority's Primary Government deposits had a carrying amount of \$7,794,462 and a bank balance of \$7,898,141. Of the bank balances held, \$502,490 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method and a sweep/repurchase account. The Authority held \$210 in petty cash.

Interest rate risk - As a means of limiting its exposure to market value losses arising from rising interest rates, the Authority's typically limits its investment portfolio to Federal Securities with maturities of 12 months or less. The Missoula Housing Authority has no specific policy regarding interest rate risk.

Credit risk - The Authority has no policy regarding credit risk.

Custodial credit risk - For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the PHA's deposits are in First Interstate Bank, First Security Bank and US Bank. The Authority has no policy on custodial credit risk.

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE B - CASH AND CASH EQUIVALENTS: (Cont'd)

Concentration of credit risk - The Authority places no limit on the amount that it may invest in any one issuer. All of the Authority's investments are in Federal Securities and the remainder of deposits are in commercial banks.

Cash & cash equivalents are comprised of the following:

PRIMARY GOVERNMENT

Money Market Checking/Savings accounts	\$ 1,585,362
Repurchase/Sweep Accounts	6,209,100
Petty Cash	<u>210</u>
	<u>\$ 7,794,672</u>

COMPONENT UNIT

Money Market Checking/Savings accounts	<u>\$ 3,125,642</u>
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Restricted cash and cash equivalents:

Restricted cash and cash equivalents at September 30, 2023, consisted of the following:

PRIMARY GOVERNMENT

Restricted Cash – Developments	\$ 557,662
Emergency Housing Vouchers	11,295
Mainstream Vouchers	82,938
VA Homeless	55,585
HCV HAP Equity	26,836
Security deposits	138,516
ROSS/SRO	1,941
FSS Forfeitures	20,933
FSS Escrow	<u>406,882</u>
	<u>\$ 1,302,588</u>

COMPONENT UNIT

Security deposits	\$ 149,499
Restricted Cash – Developments	<u>1,310,311</u>
	<u>\$ 1,459,810</u>

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE C - ACCOUNTS AND NOTES RECEIVABLE:

Accounts and notes receivable at September 30, 2023, consisted of the following:

PRIMARY GOVERNMENT

Tenants (net of allowance of \$14,528)	\$	59,202
Accounts receivable - HUD		5,679
Accounts receivable - fraud recovery (net of allowance of \$1,818)		4,743
Accounts receivable - Villagio		185,999
Accounts receivable - Trinity		115,792
Accounts receivable - other government		15,177
Accounts receivable - miscellaneous		12,529
Accrued interest receivable		4,479
Notes receivable - current portion (Note D)		<u>28,582</u>
		<u>\$ 432,182</u>

Note: The above receivable balance excludes \$749,533 of interfund balances that have been eliminated as a result of financial statement consolidation. Additional details on the composition of these balances are included in Note I.

COMPONENT UNIT

Tenants (net of allowance of \$2,997)	\$	11,268
Accounts receivable		<u>1,875,687</u>
		<u>\$ 1,886,955</u>

NOTE D - NOTES RECEIVABLES/LOW INCOME TAX CREDIT PROGRAM ACTIVITIES - PRIMARY GOVERNMENT:

Note Receivable – Maclay Commons Associates, LP

Effective June 23, 2003, the General Partner entered into a promissory note with the Maclay Commons LP in an amount totaling \$880,000, to provide financing for the General Partner to construct a 16-unit apartment complex with community center. On August 1, 2005, the General Partner and the Partnership executed the Assignment and Assumption of Promissory Note and Release Agreement (the "Assignment"), for the assignment of this note. Pursuant to the Assignment, the Partnership became responsible for the note and any and all unpaid and accrued interest on the loan from June 23, 2003. Under the terms of the note, simple interest shall accrue at a rate of 3.5% per annum. The Partnership is required to make monthly interest and principal payments from available cash flow from the project. The note payable and all interest are due August 1, 2035. The note is secured by a second deed of trust on the Project. As of September 30, 2023, the principal balance was \$551,233, of which \$28,582 is considered to be current.

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE D - NOTES RECEIVABLES/LOW INCOME TAX CREDIT PROGRAM ACTIVITIES – PRIMARY GOVERNMENT: (Cont'd)

Note Receivable – Garden District I, LP

Effective February 26, 2010, the General Partner entered into a promissory note with the Housing Authority in an amount totaling \$150,000. On August 31, 2010, this loan was modified to a total amount of \$350,000. This note is a HOME sponsor loan and is designed to help finance affordable housing owned by the Garden District I, LP. Under the terms of the note, simple interest shall accrue at a rate of 3.0% per annum. The Partnership is required to make monthly interest and principal payments from available cash flow from the project. The note payable and all interest is due September 1, 2026. The note is secured by a second deed of trust on the Project. As of September 30, 2023, the principal balance was \$306,530. All amounts are considered noncurrent.

Note Receivable – Garden District I, LP

Effective February 26, 2010, the General Partner entered into a promissory note with the Housing Authority in an amount totaling \$435,000. On August 31, 2010, this loan was modified to a total amount of \$235,000. This note is a CDBG sponsor loan and is designed to help finance affordable housing owned by the Garden District I, LP. Under the terms of the note, simple interest shall accrue at a rate of 1.0% per annum. Interest shall accrue from the date of the note until September 1, 2024. Annual payment of interest only in the amount of \$4,350.00 shall be due on September 1, 2024 and on September 1, 2025. Beginning September 1, 2026, annual payments in the amount of \$27,925 shall be made until September 1, 2045 when the entire balance of principal and all accrued interest is payable under this note. The note is secured by a second deed of trust on the Project. As of September 30, 2023, the principal balance was \$235,000. All amounts are considered noncurrent.

Note Receivable – Palace Apartments, LP

Effective April 25, 2012, the General Partner entered into a promissory note with the Housing Authority in an amount totaling \$27,536. This note is a CDBG sponsor loan and is designed to help finance affordable housing owned by the Palace Apartments, LP. Under the terms of the note, simple interest shall accrue at a rate of 6.0% per annum. As of September 30, 2023, the principal balance was \$27,802. All amounts are considered noncurrent.

Note Receivable – Palace Apartments, LP

There are amounts due and payable to the Housing Authority from the Palace Apartments, LP for deferred developer fees in the amount of \$236,193. Amounts become due and payable based upon certain events and cash flow generated from the property. As of September 30, 2023, the principal balance was \$73,276. All amounts are considered noncurrent.

Note Receivable – Villagio and Trinity Apartments

During the current fiscal year, the Authority began the development of Villagio and Trinity Apartments. Two notes receivable were set up for, including HOME, ARPA and HTF funds that will be used for these developments. As of September 30, 2023, \$3,176,000 was the balance due for Villagio Apartments and \$2,325,000 was the balance due for Trinity. All amounts are considered noncurrent as noted in the operating agreements. These notes will begin amortizing in 2024.

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE D - NOTES RECEIVABLES/LOW INCOME TAX CREDIT PROGRAM ACTIVITIES – PRIMARY GOVERNMENT: (cont'd)

MHA Holdings LLC (Blended Component Unit)

Note Receivable – Palace Apartments, LP

Effective April 26, 2012, MHA Holdings, LLC entered into a promissory note with Palace Apartments, LP in an amount totaling \$200,000. Under the terms of the note, simple interest shall accrue at a rate of 6.0% per annum. The Partnership is required to make annual interest and principal payments from available cash flow from the Project. The note payable and all interest are due April 25, 2024. As of September 30, 2023, the principal balance was \$200,000, plus accrued interest.

Summary of Notes Receivable – Activity:

Notes receivable as of September 30, 2022	\$ 7,108,090
Accrued interest	23,685
Audit adjustments	47,048
Payments and debt forgiven	<u>(14,986)</u>
Notes receivable as of September 30, 2023	<u>\$ 7,163,837</u>

As of September 30, 2023, notes receivable consisted of the following:

Notes receivable – Maclay Commons Associates, LP (Interest rate – 3.5%; Due 08/01/2035)	\$ 551,233
Notes receivable – Garden District I, LP (Interest rate – 3.0%; Due 09/01/2026)	306,530
Notes receivable – Garden District I, LP (Interest rate – 1.0%; Due 09/01/2045)	235,000
Notes receivable – Palace Apartments, LP (Interest rate – 1.0%; Due 04/25/2042)	27,802
MHA’S Developers Fee – Palace Apartments	73,276
Notes receivable – Villagio Apartments (Interest rate & due date to be determined)	3,176,000
Notes receivable – Trinity Apartments (Interest rate – 2.08%; Due 12/31/2053)	2,325,000

MHA Holdings, LLC (Component Unit)

Notes receivable – Palace Apartments, LP
(Interest rate – 6.00%; Due 04/25/2024) 200,000

Accrued interest 268,996

TOTAL BALANCES DUE AS OF SEPTEMBER 30, 2023 \$ 7,163,837

Current portion \$ 28,582

Long-term portion 7,135,255

Notes receivable as of September 30, 2023 \$ 7,163,837

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE D - NOTES RECEIVABLES/LOW INCOME TAX CREDIT PROGRAM ACTIVITIES – PRIMARY GOVERNMENT: (cont'd)

COMPONENT UNIT

Notes Receivable	\$ <u>1,016,649</u>
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NOTE E - PREPAID EXPENSES:

Prepaid expenses at September 30, 2023, consisted of the following:

PRIMARY GOVERNMENT

Prepaid expenses	\$ 109,960
Inventory	<u>8,951</u>

\$ 118,911

COMPONENT UNIT

Prepaid expenses	\$ <u>120,208</u>
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NOTE F - OTHER ASSETS:

Other assets held for sale at September 30, 2023, consisted of the following:

PRIMARY GOVERNMENT

Investments in joint venture	\$ <u>3,152,540</u>
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The investments in joint ventures are made up of the following amounts as of September 30, 2023:

Russell Square Housing LP	\$ 849,540
Villagio	935,014
Parkside Village HP/MHA LP	(515,948)
MHA Holdings, LLC	1,522,212
Garden District I, LLC	274
Intermountain Development Co.	<u>361,448</u>

\$ 3,152,540

COMPONENT UNIT

Other noncurrent assets	\$ <u>39,045</u>
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MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE G - CAPITAL ASSETS:

The following is a summary of changes in capital assets during the fiscal year ended September 30, 2023:

PRIMARY GOVERNMENT

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Dispositions/ Adjustments</u>	<u>Ending Balances</u>
Capital Assets:				
Land	\$ 5,362,434	\$ -	\$ -	\$ 5,362,434
Buildings & improvements	28,318,301	244,814	-	28,563,115
Furniture & equipment	858,159	44,578	-	902,737
Construction in progress	<u>190,306</u>	<u>1,432</u>	<u>-</u>	<u>191,738</u>
Total capital assets	34,729,200	290,824	-	35,020,024
Accumulated depreciation	<u>(13,751,398)</u>	<u>(876,173)</u>	<u>-</u>	<u>(14,627,571)</u>
Net Capital Assets	\$ <u>20,977,802</u>	\$ <u>(585,349)</u>	\$ <u>-</u>	\$ <u>20,392,453</u>

The following activities affected capital assets during the audit period:

Balance as of October 1, 2022	\$ 20,977,802
Capital additions – Operations	290,824
Depreciation expense	<u>(876,173)</u>
Balance as of September 30, 2023	<u>\$ 20,392,453</u>

COMPONENT UNITS - DISCRETELY PRESENTED:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Dispositions/ Adjustments</u>	<u>Ending Balances</u>
Capital Assets:				
Land	\$ 2,425,923	\$ -	\$ -	\$ 2,425,923
Buildings & improvements	24,397,594	39,137	-	24,436,731
Furniture & equipment	830,482	-	-	830,482
Construction in progress	<u>1,036,510</u>	<u>-</u>	<u>(1,036,510)</u>	<u>-</u>
Total capital assets	28,690,509	39,137	(1,036,510)	27,693,136
Accumulated depreciation	<u>(13,499,333)</u>	<u>(972,566)</u>	<u>-</u>	<u>(14,471,899)</u>
Net Capital Assets	\$ <u>15,191,176</u>	\$ <u>(933,429)</u>	\$ <u>(1,036,510)</u>	\$ <u>13,221,237</u>

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE H - ACCOUNTS PAYABLE:

Accounts payable consisted of the following at September 30, 2023:

PRIMARY GOVERNMENT

Vendors and contractors payable	\$	94,761
A/P – HUD		1,941
Tenant security deposits		<u>138,516</u>
	\$	<u>235,218</u>

The above payable balance excludes \$749,533 of interfund balances that have been eliminated as a result of financial statement consolidation. The details are stated in Note I.

COMPONENT UNIT

Vendors and contractors payable	\$	68,192
Tenant security deposits		<u>148,223</u>
	\$	<u>216,415</u>

NOTE I - INTERFUND ACCOUNTS:

As of September 30, 2023, the following interfund activities existed and have been eliminated as part of the consolidation of the financial statements.

<i>Primary Government</i>	<u>Due To</u>	<u>Due From</u>
Housing Choice Voucher	\$ 3,904	\$ -
Business Activities	745,629	-
Component Units	-	(749,521)
Emergency Housing Voucher	-	(6)
Mainstream	-	(6)
	<u>\$ 749,533</u>	<u>\$ (749,533)</u>

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE J - OTHER CURRENT LIABILITIES:

Other current liabilities consisted of the following at September 30, 2023:

PRIMARY GOVERNMENT

Accrued wages/payroll tax liability	\$ 77,043
Accrued compensated absences – current portion	27,459
Accrued liabilities – other	22,486
Current portion of long-term debt	401,720
Unearned revenues	<u>72,981</u>
	<u>\$ 601,689</u>

COMPONENT UNIT

Current portion of long-term debt	\$ 224,044
Accrued interest payable	252,912
Other accrued liabilities	1,726,263
Unearned revenues	<u>46,469</u>
	<u>\$ 2,249,688</u>

NOTE K - LONG-TERM LIABILITIES:

Noncurrent liabilities consisted of the following at September 30, 2023:

PRIMARY GOVERNMENT

Notes & Mortgages Payable (Note L)	\$ 9,109,943
Operating Notes – Villagio Apartments, LLLP - forgiveable	3,176,000
Operating Notes – Trinity Apartments, LLLP - forgiveable	2,325,000
Accrued compensated absences – noncurrent portion	109,837
FSS Escrow Deposits	<u>417,833</u>
	<u>\$ 15,138,613</u>

PRIMARY GOVERNMENT

	Balance 10/1/2022	Increases	Decreases	Balance 9/30/2023	Current Portion of Balance
Notes & Mortgages Payable	\$ 10,271,257	\$ -	\$ (759,594)	\$ 9,511,663	\$ 401,720
Operating Notes	5,501,000	-	-	5,501,000	-
Compensated absences	187,812	64,215	(114,731)	137,296	27,459
FSS Escrow Deposits	<u>305,977</u>	<u>272,567</u>	<u>(160,711)</u>	<u>417,833</u>	-
Total long-term liabilities	<u>\$ 16,266,046</u>	<u>\$ 336,782</u>	<u>\$ (1,035,036)</u>	<u>\$ 15,567,792</u>	<u>\$ 429,179</u>

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE L - NOTES & MORTGAGES PAYABLE – PRIMARY GOVERNMENT:

Public Housing:

Note payable – EPC loan on capital improvements due February 23, 2032;
Interest rate 4.00%, monthly payments of \$26,052 began in 2015 \$ 1,754,765

Business Activities:

Note payable – City – CDBG; issued 2/25/2011;
Loan due 9/1/2045; Interest rate fixed 1% per annum; annual
payments due do not begin until 9/01/2025; issued for 37 dwelling unit,
which is secured by a Notes Receivable from Garden District I, LP 365,744

Note payable – Montana Board of Housing; issued 8/25/2021;
Loan due 10/1/2037; Interest rate 4.00%, monthly payments of \$688.78
began 11/01/2021 137,230

Note payable – Affordable Housing Program; issued 12/12/2018; forgivable 480,000

Note payable – Villagio Apartments – HOME & ARPA programs - forgivable 3,176,000

Note payable – Trinity Apartments – Housing Trust Fund programs - forgivable 2,325,000

Component Unit:

Note Payable – Wildflower Apartments; issued 12/28/2021;
Interest rate 4.15% 6,773,924

Total Notes Payable at September 30, 2023 \$ 15,012,663

Current portion \$ 401,720

Long term portion 14,610,943

\$ 15,012,663

Public Housing – EPC

In September 2010, the Authority took out a \$1,261,175 Energy Performance Contracting (EPC) loan from Capital One Public Financing to upgrade appliances and improve energy efficiency in the Public Housing units. The Board of Commissioners approved Phase II of the EPC contract with Resolution No. 993 which allowed for debt obligations not to exceed \$2,475,378. During a prior audit period, the two loans were consolidated into a bridge loan which earns 4% interest. In February 2015, the bridge loan was rolled into permanent financing. This EPC loan will be repaid over 17 years with energy savings and HUD incentives.

Current portion \$ 246,970

Long-term portion 1,507,795

\$ 1,754,765

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE L - NOTES & MORTGAGES PAYABLE – PRIMARY GOVERNMENT: (Cont’d)

The amortization of the loan balance of \$1,754,765 follows:

2024	\$ 246,970
2025	257,032
2026	267,504
2027	278,402
2028	289,912
2029 – 2031	<u>414,945</u>
	<u>\$ 1,754,765</u>

Business Activities – City – CDBG Loan

Effective February 26, 2010, the Housing Authority entered into a loan agreement with the City of Missoula in an amount totaling \$235,000. This note is a CDBG sponsor loan and is designed to help finance affordable housing owned by the Garden District I, LP. Under the terms of the note, simple interest shall accrue at a rate of 1.0% per annum. Interest shall accrue from the date of the Note until September 1, 2024. Annual payment of interest only in the amount of \$4,350.00 shall be due on September 1, 2024 and on September 1, 2025. Beginning September 1, 2026, annual payments in the amount of \$27,924.53 shall be made until September 1, 2045, when the entire balance of principal and all accrued interest is payable under this note. The note is secured by a second deed of trust on the Project. As of September 30, 2023, the principal balance was \$235,000. All amounts are considered long-term.

Business Activities – Montana Board of Housing

On August 25, 2017, the Housing Authority entered into a loan agreement with the Montana Board of Housing in an amount totaling \$144,272. Under the terms of the note, simple interest shall accrue at a rate of 4.00% per annum. Monthly payments of \$688.78 began 11/01/2021. As of September 30, 2023, the outstanding balance was \$127,651, of which \$3,218 is considered current.

On March 1, 2021, the Housing Authority entered into a loan agreement with the Montana Board of Housing in an amount totaling \$150,000. Under the terms of the note, simple interest shall accrue at a rate of 2.00% per annum. Monthly payments of \$554.43 began 03/01/2021. As of September 30, 2023, the outstanding balance was \$140,323, of which \$3,882 is considered current.

The amortization of the combined loan balances of \$274,871 follows:

2024	\$ 7,100
2025	7,309
2026	7,526
2027	7,749
2028	7,942
Thereafter	<u>230,348</u>
	<u>\$ 267,974</u>

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE L - NOTES & MORTGAGES PAYABLE – PRIMARY GOVERNMENT: (Cont'd)

Blended Component Unit – Wildflower Apartments

On December 28, 2021, the Housing Authority entered into a loan agreement with the First Interstate bank in an amount totaling \$7,300,000. Under the terms of the note, interest shall accrue at a rate of 4.15% per annum and principal payments began in January, 2023. As of September 30, 2023, the outstanding balance was \$6,773,924, of which \$147,650 is considered current.

The amortization of the loan balance of \$6,773,924 follows:

2024	\$ 147,650
2025	152,619
2026	159,074
2027	165,869
2028	172,453
Thereafter	<u>5,976,259</u>
	<u>\$ 6,773,924</u>

Summary of Debt Obligations - Activity:

Note	Balance at 9/30/22	Increases	Decreases	Balance at 9/30/23
First Security Bank - EPC Loan	\$ 1,992,068	\$ -	\$ (237,303)	\$ 1,754,765
Capital Debt - Wildflower Apts	6,925,647	-	(151,723)	6,773,924
AHP Subsidy	480,000	-	-	480,000
City Loan - CDBG	235,000	-	-	235,000
Montana Board of Housing	274,872	-	(6,898)	267,974
Garden District Rehab	363,670	-	(363,670)	-
HOME Funds - Trinity & Villagio	<u>5,501,000</u>	<u>-</u>	<u>-</u>	<u>5,501,000</u>
	<u>\$ 15,772,257</u>	<u>\$ -</u>	<u>\$ (759,594)</u>	<u>\$ 15,012,663</u>

NOTE M - NOTES & MORTGAGES PAYABLE – COMPONENT UNIT:

Notes & Mortgages payable for the Component Units are summarized below. More detail can be found in the individual entity audit reports.

Note	Balance at 12/31/21	Net Change	Balance at 12/31/22
Parkside Village HP/MHA LP	\$ 2,218,868	\$ (82,970)	\$ 2,135,898
Russell Square Housing , LP	1,640,940	7,267	1,648,207
Maclay Commons Associates, LP	1,326,095	184,282	1,510,377
Garden District I, LP	1,078,213	(13,318)	1,064,895
Palace Apartments, LP	<u>1,408,794</u>	<u>(18,316)</u>	<u>1,390,478</u>
	<u>\$ 7,672,910</u>	<u>\$ 76,945</u>	<u>\$ 7,749,855</u>

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE N - PENSION PLAN:

The Authority provides a Simplified Employee Pension Plan (SEP) for its eligible employees which is a non-contributory defined contribution retirement plan administered by Lincoln Life Insurance Company. The Plan covers all employees who work at least six months, are 21 years of age, and earn at least \$300 in the first six months. Funding is based upon a discretionary formula that is set at 7% of an eligible employee’s salary and includes both PHA and related-party operations.

A summary of three-year contribution activity is as follows:

Fiscal Year	Employer Contributions	Covered Payroll	Total Payroll
September 29, 2023	\$ 151,792	\$ 2,170,870	\$ 2,569,311
September 30, 2022	126,905	1,807,609	2,139,377
September 30, 2021	104,990	1,499,576	1,774,808

The Plan’s assets are accumulated in a group annuity contract maintained at the Lincoln Life Insurance Company and the Authority made all required contributions to its retirement and pension funds. There was no unfunded liability to the Missoula Housing Authority as of September 30, 2023. Additional details on the plan can be obtained by contacting Lincoln Life, P.O. Box 2340, Fort Wayne, Indiana 46801-2340.

Other than the above mentioned pension plan, the Authority does not participate in Other Post-Employment Benefits.

NOTE O - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES:

Housing Choice Voucher Program – Section 8 programs provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides for such payments with respect to existing and moderately rehabilitated housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by a participating family and related administrative expense. The Authority is also eligible to receive an administrative fee of \$1,000.00 for each homeownership unit purchased by a household with a Housing Choice Voucher. HUD contributions for the year ended September 30, 2023 were as follows:

Housing Choice Vouchers	<u>\$ 8,602,013</u>
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NOTE P - ECONOMIC DEPENDENCY:

Both the PHA Owned Housing Program and the Housing Choice Voucher Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE Q - RELATED PARTY TRANSACTIONS:

Missoula Housing Authority has other organizations that they consider partners in providing affordable rental housing. These partners have a distinct relationship with the Authority and while they cannot be considered component units, have a significant enough relationship that disclosure as related parties is appropriate. There are two categories of related parties, Low Income Housing Tax Credit (LIHTC) Partner and the second relates to entities that the Authority provides or is provided a distinct service or segment related to program operations.

Tax Credit Partnerships

LIHTC is a popular program for building apartments that is funded by attracting private investors using tax credits offered by the federal government. The Missoula Housing Authority is a general partner with one tax credit housing project around Missoula: Russell Square Housing LP. Component unit Garden City Neighbors, Inc. is a general partner with tax credit housing project Maclay Commons Associates LP. A summary of activities for each of these partnerships and the related impact upon Authority operations is as follows:

Russell Square Housing Limited Partnership – The Russell Square Housing Limited Partnership was created to build a 52-unit Tax Credit project. Partners include MHA and investors. This development receives a separate audit with a December 31st fiscal year and the operations are separate and distinct from the operations of MHA. The Authority contracts with the partnership for rental of the Authority’s main offices. Additional details associated with the lease are included in Note R to these financial statements. Note F to the financial statements shows an investment in joint ventures of \$849,540 as of September 30, 2023.

Maclay Commons Associates Limited Partnership – Maclay Commons is a Missoula Housing Authority managed Tax Credit property with project based vouchers. In March 2017, MHA became the sole owner through its subsidiary Maclay Holdings LLC as a result of an early exit by the Limited Partner Alden Torch Financial. MHA has exercised the right to purchase the partnership interest in this property on March 28, 2017. There are eight duplex buildings which include eight 2-bedroom residences and eight 3-bedroom residences and a community center that includes office space utilized by MHA. In 2005, the Authority donated the land on which the facility was constructed and this donation is included in other assets.

Garden District I, LP – This project was awarded state Tax Credits in May of 2008. The Garden District refers to a portion of the Market Square development that will address the needs of affordable rental housing in Missoula, Montana. The proposed project intends to utilize multiple funding sources including state Low Income Housing Tax Credits and federal grants administered by the City of Missoula. The units will include one, two and three bedrooms and will be primarily for residents earning 50% and 60% of the Area Median Income (AMI). During the audit period there were two notes receivable for this property as disclosed in Note D, totalling \$541,530. Note F to the financial statements shows an investment in joint ventures of \$274 as of September 30, 2023.

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE Q - RELATED PARTY TRANSACTIONS: (Cont'd)

Intermountain Development Co. – HUD has approved on August 1, 2012, a multifamily project of 115 rental units which is known as the Silvertip Apartments. Of these 115 rental units, 20 units were designated as public housing units. During the audit period, the 20 units were converted to Project Based Voucher units by Streamlined Voluntary Conversion. The other 95 units are income restricted under the Neighborhood Stabilization Program Development Agreement. The Intermountain Development Company, Inc. which is a 501 (c) 3 instrumentality of the Housing Authority has a 17.39% interest in the Owner Entity. The Housing Authority serves as the property manager and will be responsible for the regulatory compliance and income certifications for all the units. Note F to the financial statements shows an investment in joint ventures of \$361,448 as of September 30, 2023.

Related parties – operations

The following activities comprise a portion of MHA operations with entities in the Missoula area that are significant enough to warrant disclosure in the notes to the financial statements.

Parkside Village Apartments – Complex contains 104 units, consisting of 103 units that are reserved for low-income residents and one manager's unit. It is operated by MHA, and was developed in conjunction with MHA. This non-profit development was an acquisition and rehabilitation project that was funded primarily with an allocation of 1999 Low-Income Tax Credit Bond Funding. The units were placed in service during 2000 and have a 15-year tax credit compliance period. MHA has exercised the right to purchase the partnership interest in this property on May 31, 2015. Consequently, these Apartments are now being reported in the consolidated financial statements.

River Ridge – River Ridge is a 70-unit project which was originally placed into service in 1998. In 2015, the Authority applied to the Montana Board of Housing for and was awarded \$4 Million of Low Income Housing Tax Credits. In March 2016, MHA Holdings sold River Ridge to River Ridge LLLP. Furthermore, US Bank purchased the tax credits and became River Ridge's investing partner in March 2016. Rehabilitation began April 2016 and completion was scheduled December 2016. MHA provides social service referrals by contracting with Missoula Aging Services. During the fiscal year ended September 30, 2023, MHA received \$6,000 of fee income for services provided to residents of the development.

NOTE R - COMMITMENTS & CONTINGENCIES:

Legal:

The Authority may be party to various pending or threatened legal actions arising from the normal course of operations. The Housing Authority has joined a claim along with Garden District I, LP for alleged design flaws at Garden District Buildings. Although, the Housing Authority does not own the property they manage the buildings and may one day in the future acquire the properties. Consequently, the Housing Authority is assisting with the repairs and damages to the units which are estimated to be in excess of \$2.8 million. The Housing Authority may be liable for the amounts of repair but has recovered a certain portion through settlement.

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

(Continued)

NOTE R - COMMITMENTS & CONTINGENCIES: (Cont'd)

Grants and contracts:

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional based upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. There were no such liabilities recorded as of September 30, 2023.

The Section 8 Housing Choice Voucher Program (the "Program") under the implementation of the *Consolidated Appropriations Act 2005, Funding Provisions for the Housing Choice Voucher Program*, changed the funding methodology, and in addition the Authority is no longer required to complete a settlement statement. As a result, in accordance with GASB Statement No. 33 and PIH Notice 2008-9, the cumulative amount of unspent housing assistance payment subsidy as of September 30, 2023, is being reflected in restricted net position in the basic financial statements.

NOTE S - RISK MANAGEMENT:

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, casualty, employee dishonesty and public officials' liability forms are used to cover the respective perils.

Commercial carriers insure all common perils such as business auto, computer and other miscellaneous policies.

NOTE T - IMPAIRMENT OF CAPITAL ASSETS:

In accordance with new financial reporting standards issued by the Government Accounting Standards Board's, Statement No. 42, *"Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries"* requires certain note disclosures. During the fiscal year ended September 30, 2023, the Missoula Housing Authority experienced the following:

1. There were no material un-reimbursed casualty losses incurred during the audit period.
2. There were no permanent impairments experienced by the Missoula Housing Authority that required material adjustments to the Statement of Net Position.

NOTE U - SUBSEQUENT EVENTS:

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net asset date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through March 11, 2024, and concluded that no subsequent events have occurred that would require recognition.

MISSOULA HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE V - SUPPLEMENTAL INFORMATION:

The supplemental information has been included in order to show the financial statements of the Housing Authority on the GAAP basis of accounting but in the format of the HUD Handbook 7476.3, *Audit Guide*. This is due to the fact that some supplemental information is reviewed by the field office and provides greater detail concerning the operations of the Housing Authority.

NOTE W - BLENDED COMPONENT UNITS:

The condensed financial statements of the Authority's blended component units are presented below:

<u>Account Description</u>	<u>Bristlecone LLC</u>	<u>Garden City Neighbors, Inc.</u>	<u>Intermountain Development</u>	<u>MHA Holdings LLC</u>	<u>Wildflower Apartments</u>	<u>TOTAL</u>
ASSETS:						
CURRENT ASSETS:						
Cash:						
Cash - unrestricted	\$ 0	\$ 579	\$ 2,490	\$ 1,000	\$ 267,400	\$ 271,469
Cash - restricted - modernization	0	0	0	0	175,666	175,666
Cash - other restricted	0	0	0	0	0	0
Cash - tenant security deposits	0	0	0	0	68,821	68,821
Cash - restricted for payment of current liabilities	0	0	0	0	0	0
Total Cash	<u>0</u>	<u>579</u>	<u>2,490</u>	<u>1,000</u>	<u>511,887</u>	<u>515,956</u>
Accounts and notes receivables:						
Accounts receivable - tenants rents	0	0	0	0	35,281	35,281
Allowance for doubtful accounts - tenants	0	0	0	0	(5,857)	(5,857)
Accrued interest receivable	0	4,479	0	0	0	4,479
Total receivables - net	<u>0</u>	<u>4,479</u>	<u>0</u>	<u>0</u>	<u>29,424</u>	<u>33,903</u>
Current investments:						
Prepaid expenses and other assets	0	0	0	0	11,549	11,549
Interprogram due from	0	0	0	0	0	0
TOTAL CURRENT ASSETS	<u>0</u>	<u>5,058</u>	<u>2,490</u>	<u>1,000</u>	<u>552,860</u>	<u>561,408</u>
NONCURRENT ASSETS:						
Capital Assets:						
Land	0	0	0	0	3,900,000	3,900,000
Buildings	0	0	0	0	4,377,604	4,377,604
Furniture & equipment - dwelling	0	0	0	0	33,827	33,827
Furniture & equipment - admin	1,428	0	0	0	1,808	3,236
Improvements	14,297	0	0	0	389,062	403,359
Accumulated depreciation	(13,650)	0	0	0	(974,348)	(987,998)
Construction in progress	0	0	0	0	0	0
Total capital assets - net	<u>2,075</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,727,953</u>	<u>7,730,028</u>
Notes receivable - noncurrent	0	0	0	340,787	0	340,787
Investment in joint ventures	0	274	361,448	1,522,212	0	1,883,934
TOTAL NONCURRENT ASSETS	<u>2,075</u>	<u>274</u>	<u>361,448</u>	<u>1,862,999</u>	<u>7,727,953</u>	<u>9,954,749</u>
DEFERRED OUFLOW OF RESOURCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS & DEFERRED OUFLOW OF RESOURCES	<u>\$ 2,075</u>	<u>\$ 5,332</u>	<u>\$ 363,938</u>	<u>\$ 1,863,999</u>	<u>\$ 8,280,813</u>	<u>\$ 10,516,157</u>

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE W - BLENDED COMPONENT UNITS: (Cont'd)

FDS Line#	Account Description	Bristlecone LLC	Garden District LLC	Intermountain Development	MHA Holdings LLC	Wildflower Apartments	TOTAL
LIABILITIES AND NET POSITION:							
LIABILITIES:							
CURRENT LIABILITIES:							
311	Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
312	Accounts payable < 90 days	3,605	0	0	0	6,544	10,149
313	Accounts payable > 90 days	0	0	0	0	0	0
321	Accrued salaries/payroll withholding	0	0	0	0	0	0
322	Accrued compensated absences	0	0	0	0	957	957
341	Tenant security deposits	0	0	0	0	68,821	68,821
342	Unearned revenue	0	0	0	0	16,439	16,439
343	Current portion of L-T debt - capital projects	0	0	0	0	147,650	147,650
347	Interprogram (due to)	0	251,513	498,008	0	0	749,521
310	TOTAL CURRENT LIABILITIES	<u>3,605</u>	<u>251,513</u>	<u>498,008</u>	<u>0</u>	<u>240,411</u>	<u>993,537</u>
NONCURRENT LIABILITIES:							
351	Long-term debt, net of current - capital	0	0	0	0	6,626,274	6,626,274
354	Accrued comp. absences - long term	0	0	0	0	3,829	3,829
355	Loan liability - noncurrent	0	0	0	0	0	0
356	FASB 5 liabilities	0	0	0	0	0	0
357	Accrued pension and OPEB liabilities	0	0	0	0	0	0
350	TOTAL NONCURRENT LIABILITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,630,103</u>	<u>6,630,103</u>
300	TOTAL LIABILITIES	<u>3,605</u>	<u>251,513</u>	<u>498,008</u>	<u>0</u>	<u>6,870,514</u>	<u>7,623,640</u>
400	DEFERRED INFLOW OF RESOURCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET POSITION:							
508.4	Net Investment in Capital Assets	2,075	0	0	0	954,029	956,104
511.4	Restricted	0	0	0	0	175,666	175,666
512.4	Unrestricted	(3,605)	(246,181)	(134,070)	1,863,999	280,604	1,760,747
513	TOTAL NET POSITION	<u>(1,530)</u>	<u>(246,181)</u>	<u>(134,070)</u>	<u>1,863,999</u>	<u>1,410,299</u>	<u>2,892,517</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF 600 RESOURCES AND NET POSITION							
		<u>\$ 2,075</u>	<u>\$ 5,332</u>	<u>\$ 363,938</u>	<u>\$ 1,863,999</u>	<u>\$ 8,280,813</u>	<u>\$ 10,516,157</u>

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE W - BLENDED COMPONENT UNITS: (Cont'd)

<u>Account Description</u>	<u>Bristlecone LLC</u>	<u>Garden District LLC</u>	<u>Intermountain Development</u>	<u>MHA Holdings LLC</u>	<u>Wildflower Apartments</u>	<u>TOTAL</u>
REVENUES:						
Net tenant rental revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 947,679	\$ 947,679
Tenant revenue - other	0	0	0	0	72,665	72,665
Total tenant revenue	0	0	0	0	1,020,344	1,020,344
Investment income - unrestricted	0	0	0	12,000	2,981	14,981
Other revenue	178	0	3,810	0	8,797	12,785
Gain/(loss) on disposition	0	0	0	0	0	0
Investment income - restricted	0	0	0	0	0	0
TOTAL REVENUES	\$ 178	\$ 0	\$ 3,810	\$ 12,000	\$ 1,032,122	\$ 1,048,110
EXPENSES:						
Total Administrative Expense	\$ 134	\$ 20	\$ 20	\$ 0	\$ 148,050	\$ 148,224
Total Tenant Services	0	0	0	0	446	446
Total Utilities Expense	0	0	0	0	42,147	42,147
Total Ordinary Maintenance & Operation	0	0	0	0	170,128	170,128
Total Protective Services	0	0	0	0	0	0
Total Insurance Premiums	2,378	0	0	0	40,567	42,945
Total General Expenses	0	17	0	23,192	30,874	54,083
Total Financial Expenses	0	0	2,206	0	274,258	276,464
TOTAL OPERATING EXPENSE	2,512	37	2,226	23,192	706,470	734,437
EXCESS OPERATING REVENUE	(2,334)	(37)	1,584	(11,192)	325,652	313,673
Other Expenses						
Depreciation expense	1,635	0	0	0	177,602	179,237
Total Other Expenses	1,635	0	0	0	177,602	179,237
TOTAL EXPENSES	\$ 4,147	\$ 37	\$ 2,226	\$ 23,192	\$ 884,072	\$ 913,674
EXCESS OF REVENUE OVER EXPENSES	\$ (3,969)	\$ (37)	\$ 1,584	\$ (11,192)	\$ 148,050	\$ 134,436
Required annual debt principal payment	0	0	0	0	201,209	141,233
Beginning Net Position	2,439	(246,144)	(135,654)	1,875,191	1,262,249	2,758,081
Ending Net Position	\$ (1,530)	\$ (246,181)	\$ (134,070)	\$ 1,863,999	\$ 1,410,299	\$ 2,892,517

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE X - DISCRETE COMPONENT UNITS:

The condensed financial statements of the Authority's discrete component units are presented below:

<u>Account Description</u>	<u>Maclay Commons</u>	<u>Parkside Village Apartments</u>	<u>Russell Square Housing</u>	<u>Garden District I, LP</u>	<u>Palace Apartments</u>	<u>TOTAL</u>
ASSETS:						
CURRENT ASSETS:						
Cash:						
Cash - unrestricted	\$ 247,274	\$ 545,054	\$ 632,887	\$ 24,230	\$ 216,387	\$ 1,665,832
Cash - restricted - modernization	84,623	314,165	159,511	135,043	125,433	818,775
Cash - other restricted	7,120	63,747	75,849	83,664	261,156	491,536
Cash - tenant security deposits	11,618	55,171	30,070	21,706	30,934	149,499
Cash - restricted for payment of curr liabilities	0	0	0	0	0	0
Total Cash	350,635	978,137	898,317	264,643	633,910	3,125,642
Accounts and notes receivables:						
Accounts receivable - miscellaneous	0	0	9,216	1,866,471	0	1,875,687
Accounts receivable - tenants rents	2,907	5,540	1,137	863	3,818	14,265
Allowance for doubtful accounts - tenants	(714)	(411)	(449)	(101)	(1,322)	(2,997)
Total receivables - net	2,193	5,129	9,904	1,867,233	2,496	1,886,955
Current investments:						
Prepaid expenses and other assets	12,970	46,617	19,502	26,003	15,116	120,208
TOTAL CURRENT ASSETS	365,798	1,029,883	927,723	2,157,879	651,522	5,132,805
NONCURRENT ASSETS:						
Capital Assets:						
Land	566,820	622,000	500,103	367,000	370,000	2,425,923
Buildings	2,848,946	3,288,602	3,846,402	5,644,481	8,228,168	23,856,599
Furniture & equipment - dwelling	112,986	211,775	241,050	156,366	103,291	825,468
Furniture & equipment - admin	0	0	5,014	0	0	5,014
Improvements	0	251,135	328,997	0	0	580,132
Accumulated depreciation	(1,847,278)	(3,673,843)	(3,295,821)	(2,664,633)	(2,990,324)	(14,471,899)
Construction in progress	0	0	0	0	0	0
Infrastructure	0	0	0	0	0	0
Total capital assets - net	1,681,474	699,669	1,625,745	3,503,214	5,711,135	13,221,237
Notes receivable - noncurrent	1,016,649	0	0	0	0	1,016,649
Other assets	0	0	0	13,435	25,610	39,045
Investment in joint ventures	0	0	0	0	0	0
TOTAL NONCURRENT ASSETS	2,698,123	699,669	1,625,745	3,516,649	5,736,745	14,276,931
DEFERRED OUFLOW OF RESOURCES	0	0	0	0	0	0
TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCES	\$ 3,063,921	\$ 1,729,552	\$ 2,553,468	\$ 5,674,528	\$ 6,388,267	\$ 19,409,736

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE X - DISCRETE COMPONENT UNITS: (Cont'd)

<u>Account Description</u>	<u>Maclay Commons</u>	<u>Parkside Village Apartments</u>	<u>Russell Square Housing</u>	<u>Garden District I, LP</u>	<u>Palace Apartments</u>	<u>TOTAL</u>
LIABILITIES AND NET POSITION:						
LIABILITIES:						
CURRENT LIABILITIES:						
Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable < 90 days	5,413	31,693	11,051	4,765	15,270	68,192
Accrued interest payable	8,959	0	0	112,247	131,706	252,912
Accounts payable - HUD PHA programs	0	0	0	0	0	0
Tenant security deposits	11,617	53,798	30,152	22,186	30,470	148,223
Unearned revenue	4,955	15,514	5,550	12,783	7,667	46,469
Current portion of L-T debt - capital projects	29,975	80,023	80,036	14,604	19,406	224,044
Current portion of L-T debt - operating	0	0	0	0	0	0
Other current liabilities	0	0	0	1,726,263	0	1,726,263
Accrued liabilities - other	0	0	0	0	0	0
Interprogram (due to)	0	0	0	0	0	0
Loan liability - current	0	0	0	0	0	0
TOTAL CURRENT LIABILITIES	60,919	181,028	126,789	1,892,848	204,519	2,466,103
NONCURRENT LIABILITIES:						
Long-term debt, net of current - capital	1,480,402	2,055,875	1,568,171	1,050,291	1,371,072	7,525,811
Long-term debt, net of current - operating	0	0	0	0	0	0
Noncurrent liabilities - other	388	8,597	8,968	1,047	81,248	100,248
TOTAL NONCURRENT LIABILITIES	1,480,790	2,064,472	1,577,139	1,051,338	1,452,320	7,626,059
TOTAL LIABILITIES	1,541,709	2,245,500	1,703,928	2,944,186	1,656,839	10,092,162
DEFERRED INFLOW OF RESOURCES	0	0	0	0	0	0
NET POSITION:						
Net Investment in Capital Assets	171,097	(1,436,229)	(22,462)	2,438,319	4,320,657	5,471,382
Restricted	84,623	314,165	159,511	135,043	125,433	818,775
Unrestricted	1,266,492	606,116	712,491	156,980	285,338	3,027,417
TOTAL NET POSITION	1,522,212	(515,948)	849,540	2,730,342	4,731,428	9,317,574
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	\$ 3,063,921	\$ 1,729,552	\$ 2,553,468	\$ 5,674,528	\$ 6,388,267	\$ 19,409,736

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
(Continued)

NOTE X - DISCRETE COMPONENT UNITS: (Cont'd)

<u>Account Description</u>	<u>Maclay Commons</u>	<u>Parkside Village Apartments</u>	<u>Russell Square Housing</u>	<u>Garden District I, LP</u>	<u>Palace Apartments</u>	<u>TOTAL</u>
REVENUES:						
Net tenant rental revenue	\$ 257,884	\$ 818,002	\$ 456,866	\$ 303,161	\$ 484,770	\$ 2,320,683
Tenant revenue - other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total tenant revenue	257,884	818,002	456,866	303,161	484,770	2,320,683
Investment income - unrestricted	10	107	26	23	1,448	1,614
Other revenue	<u>23,376</u>	<u>20,441</u>	<u>90,641</u>	<u>1,403</u>	<u>14,695</u>	<u>150,556</u>
TOTAL REVENUES	\$ <u>281,270</u>	\$ <u>838,550</u>	\$ <u>547,533</u>	\$ <u>304,587</u>	\$ <u>500,913</u>	\$ <u>2,472,853</u>
EXPENSES:						
Total Administrative Expense	\$ 37,981	\$ 147,671	\$ 125,517	\$ 47,447	\$ 107,187	\$ 465,803
Total Tenant Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Utilities Expense	28,862	125,917	32,743	20,455	50,778	258,755
Total Ordinary Maintenance & Operation	42,743	222,429	180,427	116,386	109,004	670,989
Total Protective Services	<u>0</u>	<u>717</u>	<u>0</u>	<u>0</u>	<u>500</u>	<u>1,217</u>
Total Insurance Premiums	15,513	52,772	21,867	24,571	26,970	141,693
Total General Expenses	22,654	11,423	2,695	3,900	26,199	66,871
Total Financial Expenses	<u>44,801</u>	<u>93,722</u>	<u>56,917</u>	<u>59,316</u>	<u>84,212</u>	<u>338,968</u>
TOTAL OPERATING EXPENSE	<u>192,554</u>	<u>654,651</u>	<u>420,166</u>	<u>272,075</u>	<u>404,850</u>	<u>1,944,296</u>
EXCESS OPERATING REVENUE	<u>88,716</u>	<u>183,899</u>	<u>127,367</u>	<u>32,512</u>	<u>96,063</u>	<u>528,557</u>
Other Expenses						
Depreciation expense	<u>111,908</u>	<u>172,588</u>	<u>162,363</u>	<u>199,986</u>	<u>325,721</u>	<u>972,566</u>
Total Other Expenses	<u>111,908</u>	<u>172,588</u>	<u>162,363</u>	<u>199,986</u>	<u>325,721</u>	<u>972,566</u>
TOTAL EXPENSES	\$ <u>304,462</u>	\$ <u>827,239</u>	\$ <u>582,529</u>	\$ <u>472,061</u>	\$ <u>730,571</u>	\$ <u>2,916,862</u>
EXCESS OF REVENUE OVER EXPENSES	\$ <u>(23,192)</u>	\$ <u>11,311</u>	\$ <u>(34,996)</u>	\$ <u>(167,474)</u>	\$ <u>(229,658)</u>	\$ <u>(444,009)</u>
Required annual debt principal payments	46,203	82,970	77,538	13,318	18,316	238,345
Beginning Net Position	<u>1,545,404</u>	<u>(527,259)</u>	<u>884,536</u>	<u>2,897,816</u>	<u>4,961,086</u>	<u>9,761,583</u>
Ending Net Position	\$ <u>1,522,212</u>	\$ <u>(515,948)</u>	\$ <u>849,540</u>	\$ <u>2,730,342</u>	\$ <u>4,731,428</u>	\$ <u>9,317,574</u>

MISSOULA HOUSING AUTHORITY
Missoula, Montana

SINGLE AUDIT SECTION

FISCAL YEAR ENDED SEPTEMBER 30, 2023



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

Board of Commissioners
Missoula Housing Authority
Missoula, Montana 59801

Rocky Mountain, Denver
Public Housing Division
1670 Broadway
Denver, Colorado 80202

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Missoula Housing Authority, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Missoula Housing Authority's basic financial statements, and have issued our report thereon dated March 11, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Rector, Reeder & Lofton, PC
Certified Public Accountants

Loganville, Georgia
March 11, 2024



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

Board of Commissioners
Missoula Housing Authority
Missoula, Montana 59801

Rocky Mountain, Denver
Public Housing Division
1670 Broadway
Denver, Colorado 80202

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Missoula Housing Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Missoula Housing Authority's major federal programs for the year ended September 30, 2023. The Missoula Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect

material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error; as fraud may involve override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Rector, Reeder & Lofton, PC
Certified Public Accountants

Loganville, Georgia
March 11, 2024

MISSOULA HOUSING AUTHORITY
Missoula, Montana

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended September 30, 2022, had no formal audit findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor’s Results:

Financial Statements

Type of report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major programs:	
Material weakness(es) identified?	No
Significant Deficiency(ies) identified not considered to be material weaknesses?	None reported

Type of report issued on the compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported under 2 CFR §200.516(a)?	No
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Identification of major programs:	
➤ Continuum of Care	ALN 14.267
➤ Section 8 Housing Choice Vouchers (Cluster)	ALN 14.871
➤ Section 8 Emergency Housing Vouchers (Cluster)	ALN 14.EHV
➤ Mainstream Vouchers (Cluster)	ALN 14.879

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Low Risk Auditee under 2 CFR §200.520?	Yes
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Section II – Findings related to the Financial Statements required to be reported in accordance with GAGAS

NONE REPORTED

Section III – Federal Award Findings and Questioned Costs

NONE REPORTED

MISSOULA HOUSING AUTHORITY
Missoula, Montana

SUPPLEMENTAL INFORMATION

FISCAL YEAR ENDED SEPTEMBER 30, 2023

MISSOULA HOUSING AUTHORITY
Missoula , Montana

FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
September 30, 2023

FDS Line#	Account Description	Business Activities	Component Unit Discretely Presented	Blended Component Unit	Continuum of Care Program 14.267	Section 8 Housing Choice Vouchers 14.871
ASSETS:						
Cash:						
111	Cash - unrestricted	\$ 4,051,293	\$ 1,665,832	\$ 271,469	\$ 8,110	\$ 1,367,632
112	Cash - restricted - modernization	381,996	818,775	175,666	0	0
113	Cash - other restricted	0	491,536	0	0	433,718
114	Cash - tenant security deposits	67,845	149,499	68,821	0	0
115	Cash - restricted for payment of current liabilities	0	0	0	0	0
100	Total Cash	4,501,134	3,125,642	515,956	8,110	1,801,350
Accounts and notes receivables:						
121	Accounts receivable - PHA projects	0	0	0	0	0
122	Accounts receivable - HUD	0	0	0	5,679	0
124	Accounts receivable - other government	301,791	0	0	787	14,390
125	Accounts receivable - miscellaneous	11,287	1,875,687	0	0	1,242
126	Accounts receivable - tenants rents	30,882	14,265	35,281	0	0
126.1	Allowance for doubtful accounts - tenants	(4,983)	(2,997)	(5,857)	0	0
126.2	Allowance for doubtful accounts - other	0	0	0	0	0
127	Notes receivable - current	28,582	0	0	0	0
128	Fraud recovery	0	0	0	0	6,227
128.1	Allowance for doubtful accounts - fraud	0	0	0	0	(1,818)
129	Accrued interest receivable	0	0	4,479	0	0
120	Total receivables - net	367,559	1,886,955	33,903	6,466	20,041
Current investments:						
131	Investments - unrestricted	0	0	0	0	0
132	Investments - restricted	0	0	0	0	0
135	Investments - restricted for payment of current liability	0	0	0	0	0
142	Prepaid expenses and other assets	84,714	120,208	11,549	0	11,586
143	Inventories	8,951	0	0	0	0
143.1	Allowance for obsolete inventories	0	0	0	0	0
144	Interprogram due from	745,629	0	0	0	3,904
145	Assets held for sale	0	0	0	0	0
150	TOTAL CURRENT ASSETS	5,707,987	5,132,805	561,408	14,576	1,836,881
Capital Assets:						
161	Land	1,118,582	2,425,923	3,900,000	0	0
162	Buildings	18,571,633	23,856,599	4,377,604	0	0
163	Furniture & equipment - dwelling	262,956	825,468	33,827	0	0
164	Furniture & equipment - admin	486,331	5,014	3,236	0	73,345
165	Improvements	3,846,513	580,132	403,359	0	0
166	Accumulated depreciation	(12,748,392)	(14,471,899)	(987,998)	0	(56,492)
167	Construction in progress	191,738	0	0	0	0
168	Infrastructure	0	0	0	0	0
160	Total capital assets - net	11,729,361	13,221,237	7,730,028	0	16,853
171	Notes receivable - noncurrent	6,794,468	1,016,649	340,787	0	0
172	Notes receivable - noncurrent past due	0	0	0	0	0
173	Grants receivable - noncurrent	0	0	0	0	0
174	Other assets	0	39,045	0	0	0
176	Investment in joint ventures	1,268,606	0	1,883,934	0	0
180	TOTAL NONCURRENT ASSETS	19,792,435	14,276,931	9,954,749	0	16,853
200	Deferred Outflow of Resources	0	0	0	0	0
290	TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCES	\$ 25,500,422	\$ 19,409,736	\$ 10,516,157	\$ 14,576	\$ 1,853,734

VA Homeless Providers Grant 64.024	ROSS/ FSS 14.896	Uptown SRO/MR 14.249	Maintstream Vouchers 14.879	Emergency Housing Voucher 14.EHV	HOME Investment Partnership Program 14.239	FSS Escrow Forfeiture Account 14.EFA	Elimination	TOTAL
\$ 710,641	\$ 0	\$ 4,877	\$ 66,539	\$ 11,523	\$ 0	\$ 0	\$ 0	\$ 8,157,916
0	0	0	0	0	0	0	0	1,376,437
55,585	0	1,941	82,938	11,295	0	20,933	0	1,097,946
1,850	0	0	0	0	0	0	0	288,015
0	0	0	0	0	0	0	0	0
<u>768,076</u>	<u>0</u>	<u>6,818</u>	<u>149,477</u>	<u>22,818</u>	<u>0</u>	<u>20,933</u>	<u>0</u>	<u>10,920,314</u>
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	5,679
0	0	0	0	0	0	0	0	316,968
0	0	0	0	0	0	0	0	1,888,216
7,567	0	0	0	0	0	0	0	87,995
(3,688)	0	0	0	0	0	0	0	(17,525)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	28,582
0	0	334	0	0	0	0	0	6,561
0	0	0	0	0	0	0	0	(1,818)
0	0	0	0	0	0	0	0	4,479
<u>3,879</u>	<u>0</u>	<u>334</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,319,137</u>
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
142	0	0	1,825	144	0	0	0	230,168
0	0	0	0	0	0	0	0	8,951
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	(749,533)	0
0	0	0	0	0	0	0	0	0
<u>772,097</u>	<u>0</u>	<u>7,152</u>	<u>151,302</u>	<u>22,962</u>	<u>0</u>	<u>20,933</u>	<u>(749,533)</u>	<u>13,478,570</u>
343,852	0	0	0	0	0	0	0	7,788,357
1,354,401	0	0	0	0	0	0	0	48,160,237
19,631	0	0	0	0	0	0	0	1,141,882
23,411	0	0	0	0	0	0	0	591,337
9,605	0	0	0	0	0	0	0	4,839,609
(834,689)	0	0	0	0	0	0	0	(29,099,470)
0	0	0	0	0	0	0	0	191,738
0	0	0	0	0	0	0	0	0
<u>916,211</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,613,690</u>
0	0	0	0	0	0	0	0	8,151,904
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	39,045
0	0	0	0	0	0	0	0	3,152,540
<u>916,211</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>44,957,179</u>
0	0	0	0	0	0	0	0	0
<u>\$ 1,688,308</u>	<u>\$ 0</u>	<u>\$ 7,152</u>	<u>\$ 151,302</u>	<u>\$ 22,962</u>	<u>\$ 0</u>	<u>\$ 20,933</u>	<u>\$ (749,533)</u>	<u>\$ 58,435,749</u>

MISSOULA HOUSING AUTHORITY
Missoula , Montana

FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
September 30, 2023

FDS Line#	Account Description	Business Activities	Component Unit Discretely Presented	Blended Component Unit	Continuum of Care Program 14.267	Section 8 Housing Choice Vouchers 14.871
LIABILITIES AND NET POSITION:						
LIABILITIES:						
CURRENT LIABILITIES:						
311	Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
312	Accounts payable < 90 days	53,870	68,192	10,149	11,981	12,153
313	Account payable > 90 days	0	0	0	0	0
321	Accrued salaries/payroll withholding	75,750	0	0	0	0
322	Accrued compensated absences	20,282	0	957	0	5,203
324	Accrued contingency liability	0	0	0	0	0
325	Accrued interest payable	0	252,912	0	0	0
331	Accounts payable - HUD PHA programs	0	0	0	0	0
332	Accounts payable - PHA projects	0	0	0	0	0
333	Accounts payable - other gov.	0	0	0	0	0
341	Tenant security deposits	67,845	148,223	68,821	0	0
342	Unearned revenue	43,216	46,469	16,439	0	7,935
343	Current portion of L-T debt - capital projects	254,070	224,044	147,650	0	0
344	Current portion of L-T debt - operating	0	0	0	0	0
345	Other current liabilities	16,377	1,726,263	0	0	0
346	Accrued liabilities - other	6,109	0	0	0	0
347	Interprogram (due to)	0	0	749,521	0	0
348	Loan liability - current	0	0	0	0	0
310	TOTAL CURRENT LIABILITIES	<u>537,519</u>	<u>2,466,103</u>	<u>993,537</u>	<u>11,981</u>	<u>25,291</u>
NONCURRENT LIABILITIES:						
351	Long-term debt, net of current - capital	2,483,669	7,525,811	6,626,274	0	0
352	Long-term debt, net of current - operating	5,501,000	0	0	0	0
353	Noncurrent liabilities - other	0	100,248	0	0	406,882
354	Accrued comp. absences - long term	81,130	0	3,829	0	20,811
355	Loan liability - noncurrent	0	0	0	0	0
356	FASB 5 liabilities	0	0	0	0	0
357	Accrued pension and OPEB liabilities	0	0	0	0	0
350	TOTAL NONCURRENT LIABILITIES	<u>8,065,799</u>	<u>7,626,059</u>	<u>6,630,103</u>	<u>0</u>	<u>427,693</u>
300	TOTAL LIABILITIES	<u>8,603,318</u>	<u>10,092,162</u>	<u>7,623,640</u>	<u>11,981</u>	<u>452,984</u>
400	DEFERRED INFLOW OF RESOURCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET POSITION:						
508.4	Net Investment in Capital Assets	8,991,622	5,471,382	956,104	0	16,853
511.4	Restricted	381,996	818,775	175,666	0	26,836
512.4	Unrestricted	7,523,486	3,027,417	1,760,747	2,595	1,357,061
513	TOTAL NET POSITION	<u>16,897,104</u>	<u>9,317,574</u>	<u>2,892,517</u>	<u>2,595</u>	<u>1,400,750</u>
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 25,500,422</u>	<u>\$ 19,409,736</u>	<u>\$ 10,516,157</u>	<u>\$ 14,576</u>	<u>\$ 1,853,734</u>

VA Homeless Providers Grant 64.024	ROSS/ FSS 14.896	Uptown SRO/MR 14.249	Maintstream Vouchers 14.879	Emergency Housing Voucher 14.EHV	HOME Investment Partnership Program 14.239	FSS Escrow Forfeiture Account 14.EFA	Elimination	TOTAL
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
6,335	0	0	0	273	0	0	0	162,953
0	0	0	0	0	0	0	0	0
1,293	0	0	0	0	0	0	0	77,043
615	0	0	337	65	0	0	0	27,459
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	252,912
0	0	1,941	0	0	0	0	0	1,941
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
1,850	0	0	0	0	0	0	0	286,739
5,057	0	334	0	0	0	0	0	119,450
0	0	0	0	0	0	0	0	625,764
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	1,742,640
0	0	0	0	0	0	0	0	6,109
0	0	0	6	6	0	0	(749,533)	0
0	0	0	0	0	0	0	0	0
<u>15,150</u>	<u>0</u>	<u>2,275</u>	<u>343</u>	<u>344</u>	<u>0</u>	<u>0</u>	<u>(749,533)</u>	<u>3,303,010</u>
0	0	0	0	0	0	0	0	16,635,754
0	0	0	0	0	0	0	0	5,501,000
0	0	0	2,710	8,241	0	0	0	518,081
2,459	0	0	1,348	260	0	0	0	109,837
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>2,459</u>	<u>0</u>	<u>0</u>	<u>4,058</u>	<u>8,501</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,764,672</u>
<u>17,609</u>	<u>0</u>	<u>2,275</u>	<u>4,401</u>	<u>8,845</u>	<u>0</u>	<u>0</u>	<u>(749,533)</u>	<u>26,067,682</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
916,211	0	0	0	0	0	0	0	16,352,172
55,585	0	0	80,228	3,054	0	20,933	0	1,563,073
698,903	0	4,877	66,673	11,063	0	0	0	14,452,822
<u>1,670,699</u>	<u>0</u>	<u>4,877</u>	<u>146,901</u>	<u>14,117</u>	<u>0</u>	<u>20,933</u>	<u>0</u>	<u>32,368,067</u>
<u>\$ 1,688,308</u>	<u>\$ 0</u>	<u>\$ 7,152</u>	<u>\$ 151,302</u>	<u>\$ 22,962</u>	<u>\$ 0</u>	<u>\$ 20,933</u>	<u>\$ (749,533)</u>	<u>\$ 58,435,749</u>

MISSOULA HOUSING AUTHORITY
Missoula, Montana

FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FDS Line#	Account Description	Component Unit		Blended Component Unit	Continuum of Care Program 14.267	Section 8	VA Homeless Providers Grant 64.024
		Business Activities	Discretely Presented			Housing Choice Vouchers 14.871	
REVENUES:							
70300	Net tenant rental revenue	\$ 2,737,743	\$ 2,320,683	\$ 947,679	\$ 0	\$ 0	\$ 191,312
70400	Tenant revenue - other	15,590	0	72,665	0	0	3,446
70500	Total tenant revenue	2,753,333	2,320,683	1,020,344	0	0	194,758
70600	HUD PHA grants - operating	0	0	0	870,786	8,602,013	0
70610	HUD PHA grants - capital	0	0	0	0	0	0
70710	Management fee	0	0	0	0	0	0
70720	Asset management fee	0	0	0	0	0	0
70730	Bookkeeping fee	0	0	0	0	0	0
70740	Front line service fee	0	0	0	0	0	0
70750	Other fees	934,014	0	0	0	0	0
70700	Total fee revenue	934,014	0	0	0	0	0
70800	Other government grants	16,500	0	0	0	0	386,972
71100	Investment income - unrestricted	20,983	1,614	14,981	0	7,954	3,059
71200	Mortgage interest income	69,662	0	0	0	0	0
71300	Proceeds from disposition of assets held for sale	0	0	0	0	0	0
71310	Cost of sale of assets	0	0	0	0	0	0
71400	Fraud income	0	0	0	0	12,578	0
71500	Other revenue	168,793	150,556	12,785	0	18,244	26,189
71600	Gain/(loss) on disposition	0	0	0	0	0	0
72000	Investment income - restricted	0	0	0	0	0	0
70000	TOTAL REVENUES	\$ 3,963,285	\$ 2,472,853	\$ 1,048,110	\$ 870,786	\$ 8,640,789	\$ 610,978
EXPENSES:							
Administrative							
91100	Administrative salaries	\$ 864,658	\$ 238,981	\$ 61,490	\$ 0	\$ 279,750	\$ 15,608
91200	Auditing fees	26,050	28,500	5,000	0	11,000	1,200
91300	Management fees	263,033	150,109	50,460	103,872	125,484	11,634
91310	Bookkeeping fees	0	0	0	0	78,428	0
91400	Advertising & marketing	18,962	2,000	705	0	320	140
91500	Employee benefits - administrative	240,130	0	13,123	0	77,083	5,808
91600	Office expense	95,202	0	3,156	0	18,970	900
91700	Legal expense	3,863	15,555	75	0	0	0
91800	Travel expense	14,496	0	262	0	9,254	0
91810	Allocated Overhead	0	0	0	0	0	0
91900	Other operating - administrative	132,121	30,658	13,953	0	82,151	7,066
91000	Total Administrative Expense	1,658,515	465,803	148,224	103,872	682,440	42,356
92000	Asset management fee	0	0	0	0	0	0
Tenant Services							
92100	Tenant services - salaries	0	0	0	0	0	0
92200	Relocation costs	11,580	0	446	0	0	0
92300	Employee benefits - tenant services	0	0	0	0	0	0
92400	Other tenant services	550	0	0	0	857	278,785
92500	Total Tenant Services	12,130	0	446	0	857	278,785
Utilities							
93100	Water	65,488	91,345	19,765	0	0	3,993
93200	Electricity	79,541	95,147	3,966	0	401	11,664
93300	Gas	50,179	72,263	2,305	0	267	7,071
93400	Fuel	0	0	0	0	0	0
93500	Labor	0	0	0	0	0	0
93600	Sewer	34,309	0	16,111	0	0	2,696
93700	Employee benefits - utilities	0	0	0	0	0	0
93800	Other utilities expense	0	0	0	0	0	0
93000	Total Utilities Expense	229,517	258,755	42,147	0	668	25,424

ROSS/ FSS 14.896	Uptown SRO/MR 14.249	Maintstream Vouchers 14.879	Emergency Housing Voucher 14.EHV	HOME Investment Partnership Program 14.239	FSS Escrow Forfeiture Account 14.EFA	Elimination	TOTAL
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,763,774)	\$ 4,433,643
0	0	0	0	0	0	0	91,701
0	0	0	0	0	0	(1,763,774)	4,525,344
258,256	54,612	704,728	206,187	0	0	0	10,696,582
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	(666,949)	267,065
0	0	0	0	0	0	(666,949)	267,065
0	0	0	0	0	0	0	403,472
0	0	577	37	0	0	0	49,205
0	0	0	0	0	0	0	69,662
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	1,666	3,047	0	0	0	0	17,291
0	0	0	512	0	33,844	0	410,923
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>\$ 258,256</u>	<u>\$ 56,278</u>	<u>\$ 708,352</u>	<u>\$ 206,736</u>	<u>\$ 0</u>	<u>\$ 33,844</u>	<u>\$ (2,430,723)</u>	<u>\$ 16,439,544</u>
\$ 0	\$ 0	\$ 34,427	\$ 14,802	\$ 0	\$ 0	\$ 0	\$ 1,509,716
0	0	0	0	0	0	0	71,750
0	14,889	9,564	2,220	0	0	(581,156)	150,109
0	0	5,978	1,387	0	0	(85,793)	0
0	0	0	0	0	0	0	22,127
0	0	10,568	4,385	0	0	0	351,097
0	0	39	428	0	0	0	118,695
0	0	0	0	0	0	0	19,493
0	0	0	0	0	0	0	24,012
0	0	0	0	0	0	0	0
0	0	3,162	979	0	0	0	270,090
0	14,889	63,738	24,201	0	0	(666,949)	2,537,089
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	12,026
0	0	0	0	0	0	0	0
258,256	0	0	0	0	12,911	0	551,359
<u>258,256</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,911</u>	<u>0</u>	<u>563,385</u>
0	0	0	0	0	0	0	180,591
0	0	0	0	0	0	0	190,719
0	0	0	0	0	0	0	132,085
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	53,116
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	556,511

MISSOULA HOUSING AUTHORITY
Missoula, Montana

FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FDS Line#	Account Description	Business Activities	Component Unit Discretely Presented	Blended Component Unit	Continuum of Care Program 14.267	Section 8 Housing Choice Vouchers 14.871	VA Homeless Providers Grant 64.024
Ordinary Maintenance & Operation							
94100	Labor	245,420	193,478	49,289	0	0	9,036
94200	Materials	116,738	0	30,277	0	551	6,856
94300	Contracts	462,302	477,511	76,078	0	10,530	42,331
94300-010	Garbage & trash removal contracts	67,694	0	17,484	0	0	3,799
94300-020	Heating & cooling contracts	16,950	0	441	0	0	4,563
94300-030	Snow Removal contracts	84,278	0	23,437	0	0	2,562
94300-040	Elevator maintenance contracts	3,514	0	0	0	0	0
94300-050	Landscape & grounds contracts	90,571	0	13,725	0	0	2,155
94300-060	Unit turnaround contracts	27,887	0	0	0	0	0
94300-070	Electrical contracts	0	0	1,807	0	0	0
94300-080	Plumbing contracts	19,643	0	0	0	0	169
94300-090	Extermination contracts	3,626	0	7,200	0	0	425
94300-100	Janitorial contracts	43,624	0	5,221	0	0	400
94300-110	Routine maintenance contracts	98,465	477,511	3,934	0	0	25,983
94300-120	Contract costs - other	6,050	0	2,829	0	10,530	2,275
94500	Employee benefit contributions	60,982	0	14,484	0	0	2,357
94000	Total Ordinary Maintenance & Operation	885,442	670,989	170,128	0	11,081	60,580
Protective Services							
95100	Protective services - salaries	0	0	0	0	0	0
95200	Protective services - other contract costs	0	0	0	0	0	0
95300	Protective services - other	1,382	1,217	0	0	0	308
95500	Employee benefits - protective services	0	0	0	0	0	0
95000	Total Protective Services	1,382	1,217	0	0	0	308
Insurance Premiums							
96110	Property insurance	72,168	141,693	31,780	0	0	6,406
96120	Liability insurance	18,452	0	10,988	0	35,270	529
96130	Workmen's compensation	0	0	0	0	0	0
96140	Insurance - other	12,870	0	177	0	2,430	1,476
96100	Total Insurance Premiums	103,490	141,693	42,945	0	37,700	8,411
General Expenses							
96200	Other general expense	45,409	46,986	26,168	0	0	0
96210	Compensated absences	44,403	0	4,431	0	12,426	986
96300	Payments in lieu of taxes	1,168	3,747	3,699	0	0	0
96400	Bad debt - tenant rents	10,946	16,138	19,785	0	0	2,268
96500	Bad debt - mortgages	0	0	0	0	0	0
96600	Bad debt - other	4,634	0	0	0	(617)	0
96800	Severance expense	0	0	0	0	0	0
96000	Total General Expenses	106,560	66,871	54,083	0	11,809	3,254
Financial Expenses							
96710	Interest expense - mortgage payable	87,406	327,841	276,464	0	0	0
96720	Interest expense - notes payable	0	0	0	0	0	0
96730	Amortization - issuance costs	0	11,127	0	0	0	0
96700	Total Financial Expenses	87,406	338,968	276,464	0	0	0
96900	TOTAL OPERATING EXPENSE	3,084,442	1,944,296	734,437	103,872	744,555	419,118
97000	EXCESS OPERATING REVENUE	878,843	528,557	313,673	766,914	7,896,234	191,860

ROSS/ FSS 14.896	Uptown SRO/MR 14.249	Maintstream Vouchers 14.879	Emergency Housing Voucher 14.EHV	HOME Investment Partnership Program 14.239	FSS Escrow Forfeiture Account 14.EFA	Elimination	TOTAL
0	0	0	0	0	0	0	497,223
0	0	0	0	0	0	0	154,422
0	0	0	0	0	0	0	1,068,752
0	0	0	0	0	0	0	88,977
0	0	0	0	0	0	0	21,954
0	0	0	0	0	0	0	110,277
0	0	0	0	0	0	0	3,514
0	0	0	0	0	0	0	106,451
0	0	0	0	0	0	0	27,887
0	0	0	0	0	0	0	1,807
0	0	0	0	0	0	0	19,812
0	0	0	0	0	0	0	11,251
0	0	0	0	0	0	0	49,245
0	0	0	0	0	0	0	605,893
0	0	0	0	0	0	0	21,684
0	0	0	0	0	0	0	77,823
0	0	0	0	0	0	0	1,798,220
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	2,907
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	2,907
0	0	0	0	0	0	0	252,047
0	0	0	0	0	0	0	65,239
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	16,953
0	0	0	0	0	0	0	334,239
0	0	0	0	0	0	0	118,563
0	0	1,377	592	0	0	0	64,215
0	0	0	0	0	0	0	8,614
0	0	0	0	0	0	0	49,137
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	4,017
0	0	0	0	0	0	0	0
0	0	1,377	592	0	0	0	244,546
0	0	0	0	0	0	0	691,711
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	11,127
0	0	0	0	0	0	0	702,838
258,256	14,889	65,115	24,793	0	12,911	(666,949)	6,739,735
0	41,389	643,237	181,943	0	20,933	(1,763,774)	9,699,809

MISSOULA HOUSING AUTHORITY
Missoula, Montana

FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

FDS Line#	Account Description	Section 8					VA Homeless Providers Grant
		Business Activities	Component Unit Discretely Presented	Blended Component Unit	Continuum of Care Program 14.267	Housing Choice Vouchers 14.871	
Other Expenses							
97100	Extraordinary maintenance	0	0	0	0	0	0
97200	Casualty losses	0	0	0	0	0	0
97300	Housing assistance payments	0	0	0	766,914	7,927,418	0
97350	Portability HAP expense	0	0	0	0	15,271	0
97400	Depreciation expense	649,289	972,566	179,237	0	3,560	44,087
97500	Fraud losses	0	0	0	0	0	0
97600	Capital outlays - gov't fund	0	0	0	0	0	0
97700	Debt principal payment - gov't funds	0	0	0	0	0	0
97800	Dwelling units rent expense	0	0	0	0	0	0
	Total Other Expenses	<u>649,289</u>	<u>972,566</u>	<u>179,237</u>	<u>766,914</u>	<u>7,946,249</u>	<u>44,087</u>
90000	TOTAL EXPENSES	\$ <u>3,733,731</u>	\$ <u>2,916,862</u>	\$ <u>913,674</u>	\$ <u>870,786</u>	\$ <u>8,690,804</u>	\$ <u>463,205</u>
Other Financing Sources (uses)							
10010	Transfer of operating funds - in	0	0	0	0	0	0
10020	Transfer of operating funds - out	0	0	0	0	0	0
10030	Operating transfers from/to primary gov	0	0	0	0	0	0
10040	Operating transfers from/to CU	0	0	0	0	0	0
10050	Proceeds from Notes, Loans and Bonds	0	0	0	0	0	0
10060	Proceeds from property sales	0	0	0	0	0	0
10070	Extraordinary Items, net gain/loss	0	0	0	0	0	0
10080	Special Item - (net gain/loss)	0	0	0	0	0	0
10091	Inter project excess cash transfer in	0	0	0	0	0	0
10092	Inter project excess cash transfer out	0	0	0	0	0	0
10093	Transfers between Program & Project - in	0	0	0	0	0	0
10094	Transfers between Program & Project - out	0	0	0	0	0	0
10100	Total Other Financing Sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
10000	EXCESS OF REVENUE OVER EXPENSES	\$ <u>229,554</u>	\$ <u>(444,009)</u>	\$ <u>134,436</u>	\$ <u>0</u>	\$ <u>(50,015)</u>	\$ <u>147,773</u>
11020	Required annual debt principal payments	228,365	238,345	141,233	0	0	0
11030	Beginning Net Position	16,667,550	9,761,583	2,758,081	2,595	1,450,765	1,522,926
11040-010	Prior period adjustments	0	0	0	0	0	0
11040-070	Equity transfers	0	0	0	0	0	0
11050	Changes-compensated absence balance	0	0	0	0	0	0
11060	Changes -contingent liability balance	0	0	0	0	0	0
11070	Changes -unrec. pension transition liability	0	0	0	0	0	0
11080	Changes -doubtful accounts - dwelling rents	0	0	0	0	0	0
11090	Changes -doubtful accounts - other	0	0	0	0	0	0
	Ending Net Position	\$ <u>16,897,104</u>	\$ <u>9,317,574</u>	\$ <u>2,892,517</u>	\$ <u>2,595</u>	\$ <u>1,400,750</u>	\$ <u>1,670,699</u>
11170	Administrative Fund Equity	-	-	-	-	1,373,914	-
11180	HAP Equity	-	-	-	-	26,836	-
11190	Units Available	2,301	3,216	1,200	1,176	12,020	204
11210	Units Leased	2,215	3,086	1,129	977	10,387	200

MISSOULA HOUSING AUTHORITY
Missoula, MT

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Type</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
<u>FEDERAL GRANTOR</u>			
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:</u>			
Section 8 Housing Assistance Program:			
Continuum of Care Program	A - Major	14.267	870,786
Mod Rehab/SRO	B - Nonmajor	14.249	54,612
Section 8 Housing Choice Voucher (Cluster)	A - Major	14.871	8,602,013
Section 8 - Emergency Housing Vouchers	A - Major	14.EHV	206,187
Mainstream Vouchers	A - Major	14.879	704,728
Total HCV Cluster			<u>9,512,928</u>
Other Programs			
Resident Opportunity and Supportive Services	B - Nonmajor	14.896	258,256
<u>U.S. DEPARTMENT OF VETERANS ADMINISTRATION:</u>			
Veterans Affairs Homeless Providers Grant	B - Nonmajor	64.024	<u>386,972</u>
TOTAL FEDERAL FINANCIAL AWARDS			\$ <u>11,083,554</u>
Threshold for Type A & Type B			\$ <u>750,000</u>

MISSOULA HOUSING AUTHORITY
Missoula, Montana

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

NOTE C - INDIRECT COST RATE:

The Authority did not elect to use the 10% de minimis cost rate.

NOTE D - SUBRECIPIENTS:

The Authority provided no federal awards to subrecipients during the fiscal year ending September 30, 2023.

NOTE E - DISCLOSURE OF OTHER FORMS OF ASSISTANCE:

- The Missoula Housing Authority received no federal awards of non-monetary assistance that are required to be disclosed for the year ended September 30, 2023.
- The Missoula Housing Authority had the following loans, and loan guarantees to be disclosed as of September 30, 2023:

Missoula Housing Authority is an operating deficit guarantor as a general partner for Maclay Commons Limited Partnership. This guarantee includes the servicing of outstanding loan balance in the event of a default. As of September 30, 2023, the outstanding loan balance was \$512,050. No direct assistance or utilization of this guarantor relationship was noted during the audit period.

- There were no federally restricted endowment funds required to be disclosed for the fiscal year ended September 30, 2023.
- The Missoula Housing Authority maintains the following limits of insurance as of September 30, 2023:

Property	\$ 32,123,394
Liability/Umbrella	\$ 5,000,000
Director & Officers	\$ 2,000,000
Commercial Auto	\$ 1,000,000
Worker Compensation	Statutory
Employee Dishonesty	\$ 200,000
Computer Fraud	\$ 500,000

Settled claims have not exceeded the above limits over the past three years.