

Housing Authority of the City of Yakima

Yakima, Washington

Comprehensive Annual Financial Report

Year Ended

December 31, 2019



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Comprehensive Annual Financial Report

Year Ended

December 31, 2019



Issued by

Finance Department of

the Housing Authority of the City of Yakima

Chanelle Murphy, Finance Director



Housing Authority of the City of Yakima

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Housing Authority of the City of Yakima

Yakima, Washington

Introductory Section:

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

List of Principal Officials



***Building stronger communities
through our commitment to
safe and affordable housing***





"Committed to Safe and Affordable Housing"

July 13, 2020

Mr. Robert Ponti, Chairperson of the Board of Commissioners
Members of the Board of Commissioners of the Housing Authority
of the City of Yakima:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Housing Authority of the City of Yakima (YHA) for the year ended December 31, 2019. This report is prepared in conformance with standards of financial reporting as established by the Governmental Accounting Standards Board and the Government Finance Officers Association. The U.S. Department of Housing and Urban Development (HUD) requires that all public housing authorities publish within nine months after the fiscal year-end, financial statements presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP), YHA's financial statements presented here have been audited by Loveridge Hunt & Co, PLLC. *The auditors issued unmodified opinions on YHA's financial statements for the year ended December 31, 2019.* The data presented in this report is the responsibility of the management of YHA. To the best of our knowledge and belief, the data as presented is accurate in all material aspects; is presented in a manner designed to fairly state the financial position and results of operations of YHA; and all disclosures necessary have been included to enable the reader to gain an understanding of YHA's financial affairs. GAAP requires that management provide a narrative introduction, overview and analysis to complement the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

YHA is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards; the independent auditors' report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with Uniform Guidance; the Schedule of Federal Awards; Schedule of Findings and Questioned Costs; Corrective Action Plan; and summary schedule of prior audit findings are included in the single audit section of this report.

Government Overview

This report includes all programs of YHA as well as all of its component units. Component units are legally separate entities for which a government is financially accountable. Although YHA maintains close ties with the City in several respects, YHA is not a component unit of the City as defined by the pronouncements of the Governmental Accounting Standards Board. The governing body for YHA is its Board of Commissioners (Board) comprised of five members appointed by the City of Yakima. The Board appoints an Executive Director to administer the affairs of YHA.

The primary source of funding for YHA is the U.S. Department of Housing and Urban Development (HUD). The City is not financially accountable for the operations of YHA, has no responsibility to fund deficits or receive surpluses, and has not guaranteed any of YHA's current debt.

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YHA was created in 1977 to provide safe, decent, and sanitary housing for low-income families of Yakima in accordance with the rules and regulations prescribed by HUD and other federal agencies. YHA's goals are accomplished through a variety of housing programs and activities. These activities include several programs developed by the U.S. Department of Housing and Urban Development such as the Housing Choice Voucher program, also known as Section 8. In addition, YHA receives funding from the United States Department of Agriculture's Rural Development (USDA RD) to provide farm labor and rural housing in Yakima County.

Economic Condition and Outlook

Congressional housing legislation and the federal budget affect YHA more than local economic factors. YHA's primary source of funding is HUD. As with most housing authorities, a majority of YHA's operating and capital funding comes from a variety of federal sources in the form of operating subsidies, capital grant funds and Section 8 housing assistance payments. During calendar year 2019, HUD and other federal agencies provided approximately 68% of YHA's total revenues. For the Section 8 program, HUD provides housing authorities with a fixed annual budget for Housing Assistance Payments (HAP) and for administration fees.

In calendar year 2015, YHA completed the conversion of its public housing units through HUD's Rental Assistance Demonstration (RAD) program to Project-Based Vouchers (PBV). Beginning in January 2015, HUD transferred funding from public housing to Section 8 for YHA's units converted under RAD, eliminating YHA's reliance on public housing funding. Funding for the Section 8 program in calendar year 2019 was prorated at 99.5% and 79% of eligibility for HAP and administration fees, respectively.

Long-Term Planning and Major Commitments and Initiatives

YHA's mission is building stronger communities through YHA's commitment to safe and affordable housing. Every effort has been made by YHA to operate more efficiently and effectively in the coming year by becoming more innovative in its approach to development, maintenance and management of its units.

YHA broke ground on a Chuck Austin Place, a new veterans housing development at the former Yakima Armory site in July of 2020. The project began in 2016 as a result of YHA facing challenges of finding housing that accepts voucher payments from the federal Housing of Urban Development's Veterans Affairs Supporting Housing (VASH). The development will have 27 one- and two-bedroom units and 14 studio apartments for homeless and low-income veterans. The housing complex will also have a space for a dental clinic, medical and other service providers. Construction is expected to be completed in 2021. The former armory building was donated to YHA in 2017 when it became federal surplus property. The anticipated \$14.6 million project is funded with HOME funds from the City of Yakima (\$1.1 million), Washington State Department of Commerce Housing Trust Fund (\$2.0 million), LIHTC Equity (approximately \$4.0 million), and the Federal Home Loan Bank (\$750,000) and an appropriation from the Washington State Department of Commerce. In addition, a rooftop solar panel installation is being funded through a grant from Pacific Power's Blue Sky program.

During 2018 YHA partnered with Yakima Neighborhood Health Services and Northwest Community Action Center and obtained a waiver from USDA RD to the migrant-only rule that restricted the use of Cosecha Court to migrant workers subsequent to the end of the agricultural season. YHA with their partners in this project enabled 81 homeless individuals, including 49 children to spend a total of 1,914 bed nights at Cosecha Court. The benefits enabled 378 more bed-nights for homeless families than could have been provided with hotel vouchers due to the reduced cost (\$15/night vs. a \$50/night hotel voucher).

YHA has been approved for a Multifamily Preservation and Rehabilitation (MPR) application that will rehabilitate its 142 farm labor housing units located throughout Yakima County. The USDA RD MPR program is designed to make projects sustainable over a 20-year period through a combination of debt deferral, loans and grants. Commencement of construction is dependent upon finalization of funding from USDA, anticipated to be in the fall of 2020.

YHA commenced construction on Cosecha Court II, Phase 2 in 2020, and anticipates completion in the fall of 2020. The project consists of 80 beds financed with the Department of Commerce's Housing Trust Fund and traditional financial institution lending.

Harmony Park and Mariposa Park rehabilitation began predevelopment and anticipates construction commencing in the fall. Current funding includes a grant of \$588,720 for Mariposa Park and \$286,564 for Harmony Park from the State of Washington Department of Commerce.

In 2020 YHA signed a purchase and sale agreement for acquisition of real estate for the Milroy Park project that will consist of single family homes, anticipated cost of \$3.11 per square foot, with funding planned from Washington State Housing Finance Commission Land Acquisition Program Loan Funds and internal funds. YHA also signed a purchase and sale agreement for Rainier Vista, a 40-unit housing project for the elderly and disabled located in Zillah. The purchase price of \$3,200,000 is anticipated to be paid for with Washington State Housing Finance Commission Land Acquisition Program Loan Funds, traditional financial institution financing, and internal funds.

YHA has signed an architectural agreement and is commencing work on predevelopment concepts and financing for Fruitvale Housing, which is anticipated to include 50 units of housing, community space, and administrative space for YHA staff on a lot owned by YHA and adjacent to their current administrative building. Anticipated funding for this project includes the Washington State Department of Commerce Housing Trust Fund and Low Income Housing Tax Credits through the Washington State Housing Finance Commission.

In April 2016, YHA and the Housing Authority of Kittitas County (KCHA) entered into an interlocal agreement for YHA to provide management services to KCHA for three years. YHA ceased providing these services during 2019.

YHA continues to reaffirm its commitment to the homeless of Yakima County by setting aside seventy-five of its Section 8 vouchers, or approximately \$360 thousand for HAP payments, to be project based for homeless families. YHA has partnered with local nonprofits, landlords and the Yakima County Homeless Network in providing vouchers for case management to help families adjust to living in permanent housing.

Financial Information

YHA management is responsible for establishing and maintaining an internal control structure designed to ensure that YHA's assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. YHA has designed its internal control structure to provide reasonable, but not absolute, assurances that those objectives are met.

The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgment by management.

As a recipient of federal awards, YHA is responsible for ensuring that adequate internal controls are in place to provide compliance with applicable laws, regulations, contracts and grants related to those programs. Those internal controls are subject to periodic evaluation by management, and their independent auditors. As part of YHA's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal award programs, as well as to learn whether YHA has complied with applicable laws, regulations, contracts and grants.

Other Information – Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to YHA for its Comprehensive Annual Financial Report for the year ended December 31, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards.

Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgments

Preparation of the Comprehensive Annual Financial Report on a timely basis was accomplished through the dedicated service of the entire staff of the Accounting department under the leadership of Chanelle Murphy, YHA's Finance Director. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In closing, without the leadership and support of the members of the Board of Commissioners, preparation of this report would not have been possible.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lowel Krueger".

Lowel Krueger, CPA, MBA
Executive Director

A handwritten signature in black ink, appearing to read "Chanelle Murphy".

Chanelle Murphy
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Housing Authority of the City
of Yakima, Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

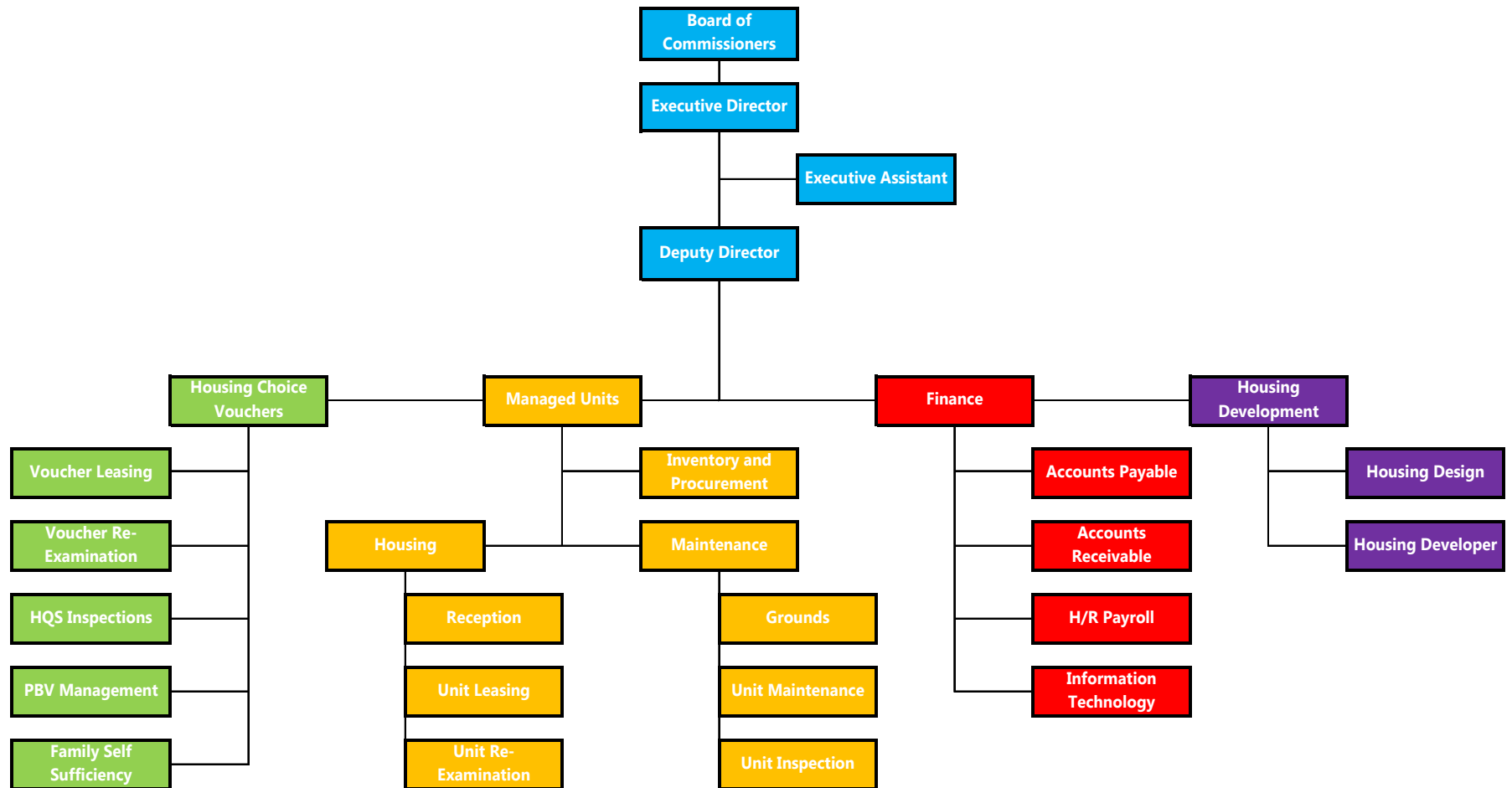
Christopher P. Morill

Executive Director/CEO

Housing Authority of the City of Yakima

Organizational Chart

December 31, 2019



Housing Authority of the City of Yakima

List of Principal Officials

December 31, 2019

Board of Commissioners:

Bob Ponti
Chairperson

Gary Hudson
Vice-Chairperson

Linda Orozco
Commissioner

Nick Marquez
Commissioner

Christine Goodwin
Commissioner

Management:

Lowel Krueger, CPA, MBA
Executive Director

Chanelle Murphy
Finance Director

August (Ted) Layton
Deputy Director

Manuel Olivas
Maintenance Supervisor

Elsa Mendez
Housing Supervisor

Amanda Delp
Housing Choice Voucher Supervisor

Carlos Reyes
Lead Family Self Sufficiency Coordinator

Susan Wilson
Housing Development Manager

Housing Authority of the City of Yakima

Yakima, Washington

Financial Section:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to Basic Financial Statements

Combining Financial Schedules

Notes to Combining Financial Schedules





Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Commissioners
Housing Authority of the City of Yakima
Yakima, Washington

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Yakima (the Authority), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Yakima Affordable Housing LLLP, Toppenish Family Housing LLC and YHA Family Housing LLC which represent 100 percent of the assets and net position and 100 percent of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority of the City of Yakima, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS - (CONTINUED)

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of the Authority as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 11 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 the financial reporting for placing the basic financial statements in an appropriate operation, economic or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS - (CONTINUED)

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, combining financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Awards Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. The Financial Data Schedule is presented for the purpose of additional analysis as required by HUD, and is also not a required part of the basic financial statements. The Rural Assistance Programs Combining Financial Statements are presented for the purpose of additional analysis as required by RD, and is also not a required part of the basic financial statements. Such supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards accepted in United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Loveridge Hunt & Co., PLLC

Bellevue, Washington
August 31, 2020

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2019

This narrative overview and analysis of the Housing Authority of the City of Yakima's (YHA) performance for the year ended December 31, 2019 is provided as a supplement to YHA's financial statements. Please read it in conjunction with the transmittal letter at the beginning of this report, the basic financial statements following this section, and the notes to the basic financial statements. The management's discussion and analysis is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*.

As required under accounting principles generally accepted in the United States of America, YHA uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation, are recognized in the period in which they are incurred. All assets and liabilities associated with the operations of YHA are included in the statements of net position.

FINANCIAL HIGHLIGHTS

- Total net position increased by approximately \$40 thousand from December 31, 2018 to December 31, 2019. This is a result of revenues exceeding expenses, primarily due to increases in funding, with moderate increases in expenses, and grant funds awarded for capital expenditures.
- As of December 31, 2019, the assets of YHA exceeded liabilities by approximately \$24.9 million (net position). Of this amount approximately \$14.7 million (unrestricted net position) may be used to meet ongoing obligations, \$8.5 million is net investment in capital assets and \$1.7 million is restricted as to its allowable usage. As of December 31, 2018, the assets of YHA exceeded liabilities by approximately \$24.8 million (net position). Of this amount approximately \$14.3 million (unrestricted net position) may be used to meet ongoing obligations, \$9 million is net investment in capital assets and \$1.5 million is restricted as to its allowable usage.
- Current and noncurrent liabilities increased by approximately \$700 thousand (1%) from December 31, 2018 to December 31, 2019. The increase is due to debt attributed to acquisition and construction.
- December 31, 2019 operating revenues increased by approximately \$380 thousand (5%) in comparison to the prior period. The increase relates to an increase in housing assistance and tenant payments.
- Nonoperating revenues, net of nonoperating expenses, and income before other revenues, expenses, gains, losses, and transfers decreased by approximately \$2.4 million (64%) from December 31, 2019 to December 31, 2018. This decrease is predominantly due to construction funding received in prior year.

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2019

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to YHA's basic financial statements. YHA's basic financial statements are comprised of two components: 1) the basic financial statements and 2) notes to the basic financial statements that provide additional disclosure of some of the information in the basic financial statements.

The **Statements of Net Position** include all of YHA's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to YHA creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of YHA and assessing the liquidity and financial flexibility of YHA.

The **Statements of Revenues, Expenses, and Changes in Net Position** present all of the current period's revenues and expenses. These statements can be used to measure the success of YHA's operations over the past year, its financial position and can be used to determine YHA's overall profitability, financial strength and credit worthiness.

The **Statements of Cash Flows** provide information about YHA's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides information regarding where cash came from, what cash was used for, and what the change was in cash balances during the reporting period.

Notes to the Basic Financial Statements provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

Combining Financial Schedules – present all of the financial information included in the Statements of Net Position and Revenues, Expenses, and Changes in Net Position by individual program with eliminations of intrafund transactions.

Notes to Combining Schedules – provide a description of the different programs individually presented in the Combining Financial Schedules.

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2019

FINANCIAL ANALYSIS

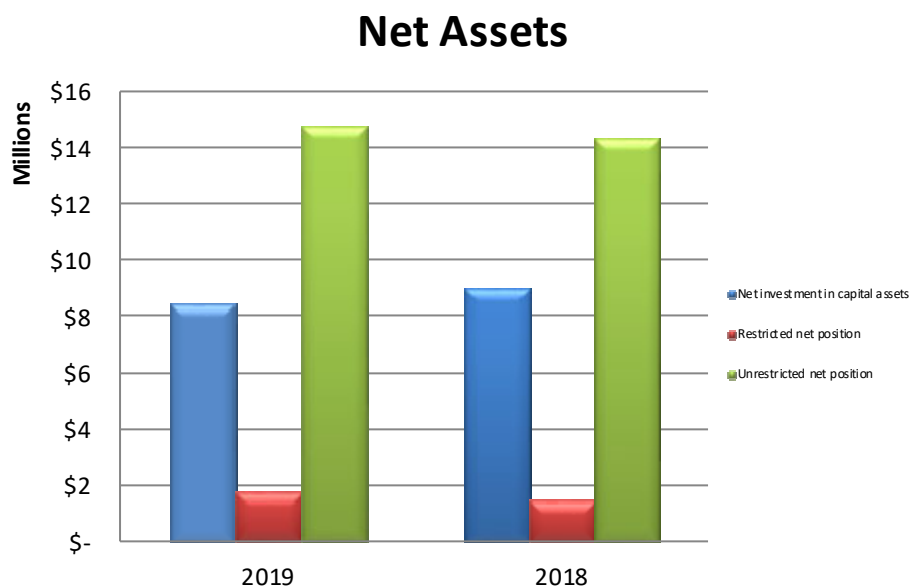
Net Position

The following table represents the condensed Statements of Net Position compared to prior periods:

	December 31, 2019	December 31, 2018
Current assets, unrestricted	\$ 6,080,285	\$ 5,892,816
Other current assets, restricted	2,147,402	1,812,351
Non-current assets	8,990,145	8,990,145
Capital assets, net	18,558,778	18,360,838
Total assets	<u>\$ 35,776,610</u>	<u>\$ 35,056,150</u>
Current and other liabilities	\$ 1,501,323	\$ 1,077,187
Current liabilities payable from restricted assets	402,889	343,756
Long-term liabilities	8,841,277	8,788,234
Total liabilities	<u>10,745,489</u>	<u>10,209,177</u>
Net Position		
Net investment in capital assets	8,478,605	9,015,253
Restricted net position	1,749,890	1,476,781
Unrestricted net position	14,802,626	14,354,939
Total net position	<u>25,031,121</u>	<u>24,846,973</u>
Total liabilities and net position	<u>\$ 35,776,610</u>	<u>\$ 35,056,150</u>

Total assets of YHA at December 31, 2019 and 2018 amounted to \$35.8 and \$35.1 million, respectively.

The following presents the Statements of Net Position in graphical form:



Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2019

Unrestricted current assets are comprised of cash, receivables, investments, prepaid items, due from other funds and inventories. Unrestricted current assets are approximately 1% higher at December 31, 2019 than December 31, 2018, which represents an increase of approximately \$40 thousand.

Restricted current assets are comprised of cash and investments that are restricted for repayment of security deposits, and federal funding that was unspent at the end of the year. December 31, 2019 restricted current assets increased by approximately \$335 thousand (18%) in comparison to December 31, 2018, primarily due to funding of required reserves.

Capital assets include land, buildings, building improvements, furniture, equipment and machinery, and construction in progress and are shown net of accumulated depreciation. Capital assets increased by approximately \$357 thousand (2%) from December 31, 2018 to December 31, 2019, as a result of construction in process offset by depreciation expense.

Total liabilities of YHA, which are segregated between current and noncurrent portions, amounted to approximately \$10.9 million and \$10.2 million at December 31, 2019 and December 31, 2018, respectively.

Current liabilities consist of accounts payable, accrued wages and payroll taxes, compensated absences, accrued interest, unearned revenue, accrued liabilities, short-term note payables, due to other funds and current portion of notes payable. Current liabilities increased from December 31, 2018 to December 31, 2019 by approximately \$642 thousand (45%), and was primarily due to fluctuations in the timing of construction payables.

Current liabilities payable from restricted assets primarily consist of tenant security deposits and restricted, unspent funds from the federal government. These liabilities increased by \$59 thousand (17%) from December 31, 2018 to December 31, 2019. The increase is predominantly due to an increase in the family self-sufficiency program escrows.

Long-term liabilities consist of notes payable and the long-term portion of compensated absences. The increase in long-term liabilities from December 31, 2018 to December 31, 2019 was approximately \$53 thousand (1%) and is attributed to borrowings for construction, offset by debt repayments.

Net position represents the equity of YHA after liabilities are subtracted from assets. Net position is divided into three major categories.

The first category, net investment in capital assets, shows YHA's equity in land, buildings, building improvements, furniture, equipment and machinery, and construction in progress, net of related outstanding debt. The second category, restricted net position, has external limitations on the way in which these assets can be used. The last category, unrestricted net position, is available to be used for any lawful and prudent YHA purpose. Total net position of YHA decreased by approximately \$1.2 million from December 31, 2018 to December 31, 2019.

YHA's current ratio reflects the relationship between current assets and current liabilities and is a measure of YHA's ability to pay short-term obligations. At December 31, 2019 and December 31, 2018, YHA's current ratios were 3.9:1 and 5.4:1, respectively.

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2019

Revenues, Expenses and Changes in Net Position

The following table compares the revenue and expenses for the current and previous periods:

	<u>Dec. 31, 2019</u>	<u>Dec. 31, 2018</u>
Revenue:		
Intergovernmental revenue - Operating	\$ 5,963,064	\$ 5,853,773
Tenant and other	2,641,922	2,369,979
Intergovernmental revenue - Nonoperating	824,868	711,689
Investment revenue	679,037	413,518
Gain (loss) on sale of capital assets	-	350
Total revenue	<u>10,108,891</u>	<u>9,349,309</u>
Expenses:		
Administration	1,941,884	1,654,048
Utilities	530,426	483,310
Ordinary maintenance and operation	940,660	804,225
General expenses	238,307	182,649
Payments in lieu of taxes	5,271	5,049
Housing assistance payments	5,249,567	5,195,877
Depreciation	840,698	962,676
Interest expense	177,930	163,153
Total expenses	<u>9,924,743</u>	<u>9,450,987</u>
Loss Before Contributions, Transfers, Extraordinary and Special Items	184,148	(101,678)
Capital grants and contributions	-	2,645,362
Increase in net position	<u>184,148</u>	<u>2,543,684</u>
Net position, beginning of year	<u>24,846,973</u>	<u>22,303,289</u>
Net position, end of year	<u>\$ 25,031,121</u>	<u>\$ 24,846,973</u>

Revenues increased by approximately \$600 thousand (7%) from December 31, 2018 to December 31, 2019. As noted above, the increase is primarily due to tenant related payments and subsidies.

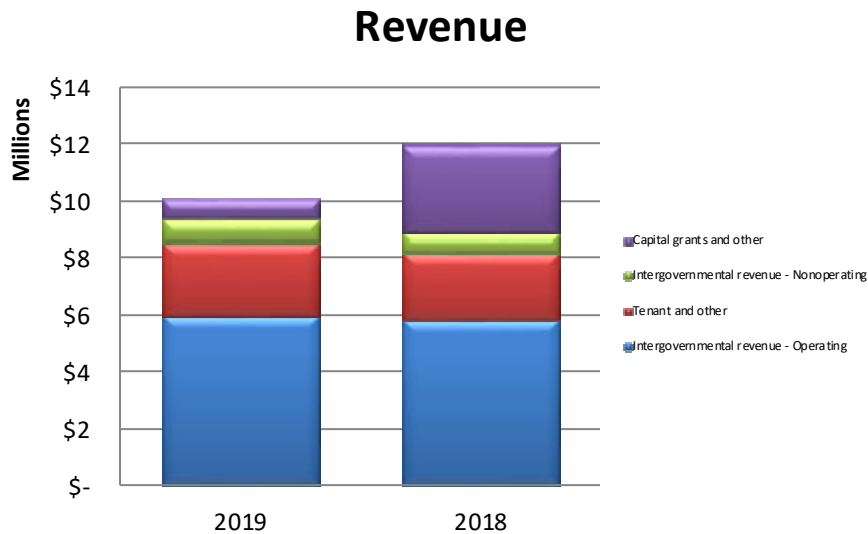
Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

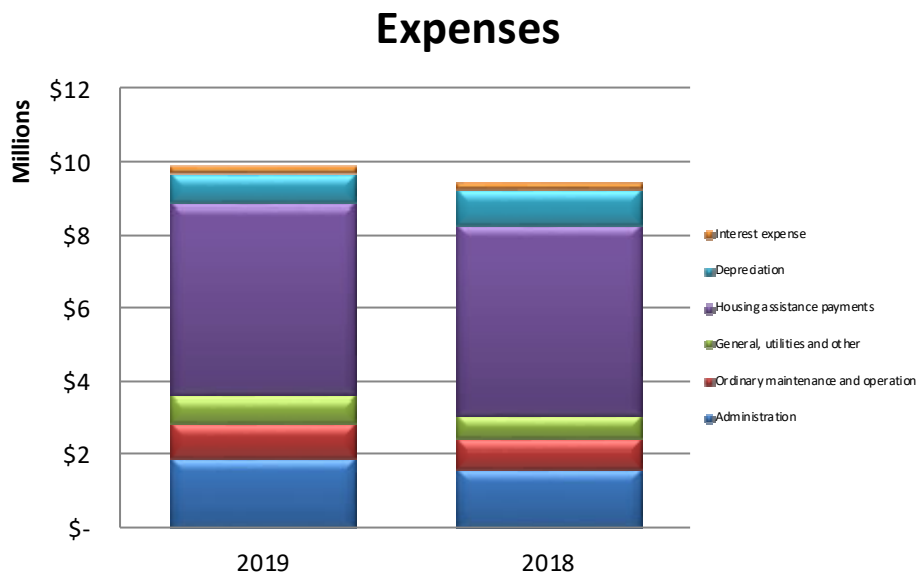
December 31, 2019

The following compares the revenues for the current and previous fiscal years in graphical format:



Expenses increased by approximately \$470 thousand (5%) from December 31, 2018 to December 31, 2019. The most significant changes during the year are primarily due to increased housing assistance payments, administration and maintenance and operations expenses.

The following compares the expenses for the current and previous periods in graphical format:



Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2019

Capital Assets and Debt Administration

YHA's capital assets are summarized in the table below:

	December 31, 2019	December 31, 2018
Land	\$ 2,547,986	\$ 2,494,146
Buildings	26,166,412	26,110,422
Furniture, equipment & machinery - dwellings	885,469	868,043
Furniture, equipment & machinery - administration	641,443	616,993
Construction in progress	1,461,526	574,594
Total capital assets	31,702,836	30,664,198
Less accumulated depreciation	(13,144,058)	(12,303,360)
Net capital assets	<u>\$ 18,558,778</u>	<u>\$ 18,360,838</u>

Net capital assets increased by approximately \$357 thousand (2%) from December 31, 2018 to December 31, 2019. The most significant capital asset transactions during the year-ended December 31, 2019 were the Cosecha Court II and Veterans additions. Additional information on YHA's capital assets can be found in Note 5 to the basic financial statements.

All debt service payments were made in 2019 and 2018 as scheduled. Additional information on YHA's long-term debt can be found in Note 7 to the basic financial statements.

ECONOMIC FACTORS AFFECTING YHA'S FUTURE

The majority of YHA's funding is from federal agencies in the form of housing choice vouchers, tenant subsidy payments, and other various grants. Due to the conversion of its public housing units (utilizing the HUD RAD program) to Section 8 project-based vouchers, 2018 is the fifth year YHA has not received public housing subsidy, and received Section 8 funding only. In 2018, Section 8 HAP was prorated at 99% of eligibility. Based on HUD's funding letters and contracts with HUD, it is anticipated that most HUD programs will continue to receive renewal funding including the housing choice voucher program, which is YHA's largest housing program, serving over 900 families.

Congress and the federal government continue to cut federal subsidies due to federal budget priorities. The reduced funding shift continues to have an impact on YHA's economic position because federal housing dollars make up the largest source of revenue for YHA. During 2019, YHA earned \$6.8 million in federal assistance.

In addition, a majority of YHA's \$18.4 million of net capital assets as of December 31, 2019 were acquired and/or developed over the years with financial assistance from HUD and USDA RD. Such assistance has typically come with use restrictions and generally limits YHA's ability to encumber or leverage financing against HUD or USDA RD properties in its portfolio.

Continued

Housing Authority of the City of Yakima

Management's Discussion and Analysis

December 31, 2019

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of YHA's finances and to demonstrate YHA's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Lowel Krueger, CPA, MBA
Executive Director

Chanelle Murphy
Finance Director

Phone:
509.453.3106

Physical address:
810 N. 6th Avenue
Yakima, WA 98902

Website:
www.yakimahousing.org

Continued

Housing Authority of the City of Yakima
Statement of Net Position
December 31, 2019

	Primary Government	Discretely Presented Component Units
<i>Assets and Deferred Outflow of Resources</i>		
<i>Current Assets:</i>		
Cash and cash equivalents - unrestricted	\$ 4,395,799	\$ 298,942
Accounts receivable, net of allowance	1,603,790	103,133
Prepaid expenses and other assets	41,159	36,354
Inventories	37,423	-
Due from other funds	2,114	24,120
	<u>6,080,285</u>	<u>462,549</u>
<i>Restricted Assets:</i>		
Cash and cash equivalents - other restricted	769,677	-
Cash - tenant security deposits	58,525	70,866
Investments - restricted	1,319,200	2,042,714
	<u>2,147,402</u>	<u>2,113,580</u>
Total current assets	<u>8,227,687</u>	<u>2,576,129</u>
<i>Noncurrent Assets:</i>		
Investment in component units	767,025	-
Loan receivable discretely presented component units	8,223,120	-
<i>Capital assets:</i>		
Land	2,547,986	1,688,758
Buildings	26,166,412	33,720,972
Furniture, equipment and machinery - dwellings	885,469	376,393
Furniture, equipment and machinery - administration	641,443	-
Accumulated depreciation	(13,144,058)	(5,257,765)
Construction in progress	1,461,526	-
Total noncurrent assets	<u>27,548,923</u>	<u>30,528,358</u>
Total assets	<u>35,776,610</u>	<u>33,104,487</u>
<i>Deferred Outflow of Resources:</i>		
Total deferred outflow of resources	-	-
Total assets and deferred outflow of resources	<u>\$ 35,776,610</u>	<u>\$ 33,104,487</u>

See accompanying notes to financial statements

Housing Authority of the City of Yakima
Statement of Net Position
December 31, 2019

	Primary Government	Discretely Presented Component Units
<i>Liabilities, Deferred Inflow of Resources and Net Position</i>		
<i>Current Liabilities:</i>		
Accounts payable less than 90 days	\$ 20,795	\$ 62,677
Accrued wages and payroll taxes payable	62,358	28,772
Accrued compensated absences - current portion	117,183	16,404
Accrued interest payable	8,210	1,622,800
Unearned revenue	17,573	14,133
Short-term notes payable	1,059,872	-
Current portion of long term debt - capital projects		
mortgage revenue bonds	188,248	60,500
Due to other funds	24,120	2,114
	<u>1,501,323</u>	<u>1,807,400</u>
<i>Payables from Restricted Assets</i>		
Accounts payable - other government	5,377	-
FSS escrow deposits	338,987	-
Tenant security deposits	58,525	70,866
	<u>402,889</u>	<u>70,866</u>
Total current liabilities	<u>1,904,212</u>	<u>1,878,266</u>
<i>Noncurrent Liabilities:</i>		
Long-term debt, net of current - capital projects,		
mortgage, revenue bonds	8,832,053	12,440,923
Other noncurrent liabilities	-	2,350,000
Accrued compensated absences, net of current	9,224	-
Total noncurrent liabilities	<u>8,841,277</u>	<u>14,790,923</u>
Total liabilities	<u>10,745,489</u>	<u>16,669,189</u>
<i>Deferred Inflow of Resources:</i>		
Total deferred inflow of resources	<u>-</u>	<u>-</u>
<i>Net Position:</i>		
Net investment in capital assets	8,478,605	18,024,821
Restricted for:		
Future capital improvements	1,319,200	-
Required reserves	430,690	2,042,714
Unrestricted net position	<u>14,802,626</u>	<u>(3,632,237)</u>
Total net position	<u>25,031,121</u>	<u>16,435,298</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 35,776,610</u>	<u>\$ 33,104,487</u>

Housing Authority of the City of Yakima
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2019

	Primary Government	Discretely Presented Component Units
<i>Operating Revenue:</i>		
Intergovernmental revenue	\$ 5,963,064	\$ 505,072
Net tenant rental revenue	1,722,149	1,784,822
Other revenue	890,994	28,502
Other tenant revenue	28,779	8,820
Total operating revenue	<u>8,604,986</u>	<u>2,327,216</u>
<i>Operating Expenses:</i>		
Administrative:		
Administrative wages	1,029,176	161,157
Auditing and legal fees	76,773	75,013
Employee benefit contributions	348,074	51,848
Other operating - administrative	196,575	401,580
Tenant services	291,286	13,268
	<u>1,941,884</u>	<u>702,866</u>
Utilities:		
Electricity	63,867	58,643
Other utilities expense	91,827	76,469
Sewer	189,171	124,817
Water	185,561	107,715
	<u>530,426</u>	<u>367,644</u>
Ordinary maintenance and operations:		
Contract costs	380,859	208,803
Employee benefit contributions	107,659	54,861
Maintenance and operations wages	358,606	166,994
Materials and other	93,536	57,150
	<u>940,660</u>	<u>487,808</u>
General expenses:		
Depreciation expense	840,698	1,096,054
Housing assistance payments	5,249,567	-
Insurance premiums	65,670	65,487
Bad debt - tenant rents	36,957	18,462
Other general expenses	129,107	-
Protective services contract costs	6,573	3,700
Payments in lieu of taxes	5,271	3,647
	<u>6,333,843</u>	<u>1,187,350</u>
Total operating expenses	<u>9,746,813</u>	<u>2,745,668</u>
<i>Operating Loss</i>	\$ (1,141,827)	\$ (418,452)

See accompanying notes to financial statements

Housing Authority of the City of Yakima
Statement of Revenues, Expenses and Changes in Net Position (continued)
Year Ended December 31, 2019

	Primary Government	Discretely Presented Component Units
<i>Operating Loss (continued)</i>	<u>\$ (1,141,827)</u>	<u>\$ (418,452)</u>
<i>Nonoperating Revenue (Expenses):</i>		
Gain on sale of capital assets	-	-
Interest expense	(177,930)	(909,063)
Intergovernmental revenue	824,868	-
Interest income - restricted	151	3,771
Interest income - unrestricted	678,886	5,004
Total nonoperating revenue	<u>1,325,975</u>	<u>(900,288)</u>
<i>Loss Before Contributions, Transfers, Extraordinary and Special Items</i>	184,148	(1,318,740)
Capital grants	-	-
<i>Increase (Decrease) in Net Position</i>	184,148	(1,318,740)
<i>Net Position, Beginning of Year</i>	24,846,973	17,754,038
<i>Net Position, End of Year</i>	<u>\$ 25,031,121</u>	<u>\$ 16,435,298</u>

Housing Authority of the City of Yakima

Statements of Cash Flows

Year Ended December 31, 2019

	Primary Government
<i>Cash Flows from Operating Activities:</i>	
Receipts from tenants and others	\$ 2,455,696
Payments to employees	(1,387,782)
Housing assistance payments	5,963,064
Payments to vendors and suppliers	(8,231,447)
Net cash used by operating activities	<u>(1,200,469)</u>
<i>Cash Flows from Noncapital Financing Activities:</i>	
Intergovernmental grants and contracts	824,868
Net cash provided by noncapital financing activities	<u>824,868</u>
<i>Cash Flows from Capital and Related Financing Activities:</i>	
Purchase of capital assets	(569,346)
Net change in short-term borrowings	707,335
Proceeds from long-term debt	171,675
Principal payments on long-term debt	(144,422)
Interest paid	(178,247)
Net cash used by capital and related financing activities	<u>(13,005)</u>
<i>Cash Flows from Investing Activities:</i>	
Interest received	1,224
Net cash provided by investing activities	<u>679,037</u>
<i>Net Increase in Cash and Cash Equivalents</i>	290,431
<i>Cash and Cash Equivalents, Beginning of Period</i>	<u>6,252,770</u>
<i>Cash and Cash Equivalents, End of Period</i>	<u><u>\$ 6,543,201</u></u>
<i>Cash and Cash Equivalents consist of:</i>	
Cash - unrestricted	\$ 4,395,799
Cash - restricted	769,677
Tenant security deposits	58,525
Investments - restricted	1,319,200
	<u><u>\$ 6,543,201</u></u>

See accompanying notes to financial statements

Housing Authority of the City of Yakima
Statements of Cash Flows (continued)
Year Ended December 31, 2019

Primary
Government

Reconciliation of Operating Loss to Net Cash provided by

Operating Activities:

Operating loss	<u>\$ (1,141,827)</u>
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Adjustments to Reconcile Operating Loss to Net Cash Used by Operating

Activities:

Depreciation	840,698
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(Increase) decrease in cash due to changes in assets:

Receivables	(208,272)
-------------	-----------

Prepaid expenses and other assets	(25,569)
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Inventories	1,752
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Increase (decrease) in cash due to changes in liabilities:

Accounts payable	(818,157)
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Accrued wages and taxes payable	57,684
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Accrued liabilities - other	6,005
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Compensated absences	6,038
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Due from other funds	22,046
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Tenant security deposits	1,012
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FSS escrow deposits	58,121
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Total adjustments	<u>(58,642)</u>
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<i>Net Cash Used by Operating Activities</i>	<u><u>\$ (1,200,469)</u></u>
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Housing Authority of the City of Yakima
Combining Balance Sheet – Discretely Presented Component Units
December 31, 2019

	YHA Family Housing, LLC	Toppenish Family Housing, LLC	Yakima Affordable Housing, LLLP	Total
Assets				
<i>Current Assets:</i>				
Cash and cash equivalents - unrestricted	\$ 156,994	\$ 88,221	\$ 53,727	\$ 298,942
Accounts receivables, net of allowance	23,271	4,744	75,118	103,133
Prepaid expenses and other assets	29,208	3,122	4,024	36,354
Due from other funds	-	-	24,120	24,120
	<u>209,473</u>	<u>96,087</u>	<u>156,989</u>	<u>462,549</u>
<i>Restricted Assets:</i>				
Cash - tenant security deposits	38,175	9,000	23,691	70,866
Investments - restricted	1,399,727	306,427	336,560	2,042,714
	<u>1,437,902</u>	<u>315,427</u>	<u>360,251</u>	<u>2,113,580</u>
Total current assets	<u>1,647,375</u>	<u>411,514</u>	<u>517,240</u>	<u>2,576,129</u>
<i>Noncurrent Assets:</i>				
Capital assets:				
Land	1,500,000	188,758	-	1,688,758
Buildings	17,612,387	6,046,468	10,062,117	33,720,972
Furniture, equipment and machinery - dwellings	163,427	48,811	164,155	376,393
Accumulated depreciation	(3,597,451)	(643,435)	(1,016,879)	(5,257,765)
Total noncurrent assets	<u>15,678,363</u>	<u>5,640,602</u>	<u>9,209,393</u>	<u>30,528,358</u>
Total assets	<u>17,325,738</u>	<u>6,052,116</u>	<u>9,726,633</u>	<u>33,104,487</u>
<i>Deferred Outflow of Resources:</i>				
Total deferred outflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflow of resources	<u>\$ 17,325,738</u>	<u>\$ 6,052,116</u>	<u>\$ 9,726,633</u>	<u>\$ 33,104,487</u>

See accompanying notes to financial statements

Housing Authority of the City of Yakima
Combining Balance Sheet – Discretely Presented Component Units (continued)
December 31, 2019

	YHA Family Housing, LLC	Toppenish Family Housing, LLC	Yakima Affordable Housing, LLLP	Total
Liabilities and Net Position				
<i>Current Liabilities:</i>				
Accounts payable less than 90 days	\$ 36,804	\$ 4,348	\$ 21,525	\$ 62,677
Accrued wages and payroll taxes	6,354	412	22,006	28,772
Accrued compensated absences				
current portion	6,836	2,720	6,848	16,404
Accrued interest payable	1,162,597	85,268	374,935	1,622,800
Unearned income	10,040	998	3,095	14,133
Current portion of long term debt	-	-	60,500	60,500
Due to related party	-	-	2,114	2,114
	<u>1,222,631</u>	<u>93,746</u>	<u>491,023</u>	<u>1,807,400</u>
<i>Payables from Restricted Assets:</i>				
Tenant security deposits	38,175	9,000	23,691	70,866
	<u>38,175</u>	<u>9,000</u>	<u>23,691</u>	<u>70,866</u>
Total current liabilities	<u>1,260,806</u>	<u>102,746</u>	<u>514,714</u>	<u>1,878,266</u>
<i>Noncurrent Liabilities:</i>				
Long-term debt, net of current	5,873,120	2,100,000	4,467,803	12,440,923
Other noncurrent liabilities	-	-	2,350,000	2,350,000
Total noncurrent liabilities	<u>5,873,120</u>	<u>2,100,000</u>	<u>6,817,803</u>	<u>14,790,923</u>
Total liabilities	<u>7,133,926</u>	<u>2,202,746</u>	<u>7,332,517</u>	<u>16,669,189</u>
<i>Deferred Inflow of Resources:</i>				
Total deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Position:</i>				
Net investment in capital assets	9,805,243	3,540,602	4,678,976	18,024,821
Restricted for:				
Required reserves	1,399,727	306,427	336,560	2,042,714
Unrestricted net position	(1,013,158)	2,341	(2,621,420)	(3,632,237)
Total net position	<u>10,191,812</u>	<u>3,849,370</u>	<u>2,394,116</u>	<u>16,435,298</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 17,325,738</u>	<u>\$ 6,052,116</u>	<u>\$ 9,726,633</u>	<u>\$ 33,104,487</u>

See accompanying notes to financial statements

Housing Authority of the City of Yakima
Combining Statement of Revenues, Expenses and Changes in
Net Position – Discretely Presented Component Units
Year Ended December 31, 2019

	YHA Family Housing, LLC	Toppenish Family Housing, LLC	Yakima Affordable Housing, LLLP	Total
<i>Operating Revenue:</i>				
Intergovernmental revenue	\$ -	\$ -	\$ 505,072	\$ 505,072
Net tenant rental revenue	1,313,957	207,335	263,530	1,784,822
Other revenue	19,331	3,556	5,615	28,502
Other tenant revenue	7,500	890	430	8,820
Total operating revenue	<u>1,340,788</u>	<u>211,781</u>	<u>774,647</u>	<u>2,327,216</u>
<i>Operating Expenses:</i>				
Administrative:				
Administrative wages	84,144	16,141	60,872	161,157
Professional fees	44,062	15,777	15,174	75,013
Employee benefit contributions	26,917	4,488	20,443	51,848
Other operating - administrative	217,232	35,606	148,742	401,580
Tenant services	7,976	5,292	-	13,268
	<u>380,331</u>	<u>77,304</u>	<u>245,231</u>	<u>702,866</u>
Utilities:				
Electricity	15,087	1,503	42,053	58,643
Other utilities expense	43,358	16,477	16,634	76,469
Sewer	73,095	29,143	22,579	124,817
Water	75,783	22,396	9,536	107,715
	<u>207,323</u>	<u>69,519</u>	<u>90,802</u>	<u>367,644</u>
Ordinary maintenance and operations:				
Contract costs	129,797	14,069	64,937	208,803
Employee benefit contributions	36,426	3,138	15,297	54,861
Maintenance and operations wages	109,081	9,045	48,868	166,994
Materials and other	37,267	6,092	13,791	57,150
	<u>312,571</u>	<u>32,344</u>	<u>142,893</u>	<u>487,808</u>
General expenses:				
Depreciation expense	644,071	171,939	280,044	1,096,054
Insurance premiums	44,251	7,495	13,741	65,487
Bad debt - tenant rents	12,297	(190)	6,355	18,462
Protective services contract costs	807	278	2,615	3,700
Payments in lieu of taxes	3,647	-	-	3,647
	<u>705,073</u>	<u>179,522</u>	<u>302,755</u>	<u>1,187,350</u>
Total operating expenses	<u>1,605,298</u>	<u>358,689</u>	<u>781,681</u>	<u>2,745,668</u>
<i>Operating Income (Loss)</i>	\$ (264,510)	\$ (146,908)	\$ (7,034)	\$ (418,452)

See accompanying notes to financial statements

Housing Authority of the City of Yakima
Combining Statement of Revenues, Expenses and Changes in
Net Position – Discretely Presented Component Units (Continued)
Year Ended December 31, 2019

	YHA Family Housing, LLC	Toppenish Family Housing, LLC	Yakima Affordable Housing, LLLP	Total
<i>Operating Income (Loss) (continued)</i>	<u>\$ (264,510)</u>	<u>\$ (146,908)</u>	<u>\$ (7,034)</u>	<u>\$ (418,452)</u>
<i>Nonoperating Revenue (Expenses):</i>				
Interest expense	(453,044)	(31,948)	(424,071)	(909,063)
Investment revenue - restricted	-	-	3,771	3,771
Investment revenue - unrestricted	1,416	241	3,347	5,004
Total nonoperating revenue (expenses)	<u>(451,628)</u>	<u>(31,707)</u>	<u>(416,953)</u>	<u>(900,288)</u>
<i>Loss Before Contributions, Transfers, Extraordinary and Special Items</i>	(716,138)	(178,615)	(423,987)	(1,318,740)
<i>Capital contribution</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Increase (Decrease) in Net Position</i>	(716,138)	(178,615)	(423,987)	(1,318,740)
<i>Net Position, Beginning of Year</i>	<u>10,907,950</u>	<u>4,027,985</u>	<u>2,818,103</u>	<u>17,754,038</u>
<i>Net Position, End of Year</i>	<u><u>\$ 10,191,812</u></u>	<u><u>\$ 3,849,370</u></u>	<u><u>\$ 2,394,116</u></u>	<u><u>\$ 16,435,298</u></u>

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

The Housing Authority of the City of Yakima (YHA) is a corporate body created by Resolution No. D-1575 in 1977 by the City of Yakima. The City of Yakima created YHA per Washington State Revised Code Chapter 35.82. YHA was created to provide safe, decent, and sanitary housing for low- and moderate-income residents of the City of Yakima, Washington. YHA administers multiple U.S. Department of Housing and Urban Development (HUD) programs and U.S. Department of Agriculture Rural Development (USDA RD) programs, the funding from which consists of approximately 52% of total revenue, and funds many of the key services provided by YHA.

Reporting entity:

YHA is a public corporation. YHA's five-member Board of Commissioners is appointed by the Yakima City Council, and is a legally separate agency from the City of Yakima. The City of Yakima does not have the ability to affect the operations of YHA, nor does YHA provide a financial benefit to, or impose a financial burden on the City of Yakima.

As defined by accounting principles generally accepted in the United States of America (GAAP), the reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component units' board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government, or (c) the component unit is financially dependent on the primary government.

In determining how to define the reporting entity, management has considered all potential component units. The determination to include a component unit in the reporting entity was made by applying the criteria set forth in Governmental accounting and Financial Reporting Standards and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and no. 34*. These criteria include: financial accountability; appointment of a voting majority; imposition of will; financial benefit to or burden on a primary organization; financial accountability as a result of fiscal dependency; potential for dual inclusion; and organizations included in the reporting entity although the primary organization is not financially accountable. It was determined that YHA Family Housing, LLC, Toppenish Family housing LLC, and Yakima Affordable Housing, LLLP are appropriately treated as component units due to them being separate legal entities, but YHA is still able to impose their will, and there is a financial benefit/burden between the organizations. The entities are reported as discretely presented component units, as they did not meet the criteria for blending.

Discretely Presented Component Units:

YHA's discretely presented component units include the limited liability partnerships/companies below. These entities follow all applicable FASB standards. Since they do not follow governmental accounting, for presentation purposes, certain transactions may be reflected differently in these financial statements than in the separately issued discretely presented component unit financial statements in order for them to conform to the presentation of the primary government.

YHA Family Housing, LLC, Toppenish Family Housing, LLC, and Yakima Affordable Housing, LLLP, are the three component units. YHA is the 0.01% owner and the general partner/managing member in these real estate partnerships as of December 31, 2019. The limited partnership interests are held by third parties unrelated to YHA. Under GASB No. 61, these limited partnerships are considered discretely presented component units of YHA since none of these component units meet the blending criteria.

YHA Family Housing, LLC (YHA Family) was formed in November 2013 as a separate legal entity. YHA Family was formed to purchase 150 units from YHA under the HUD Rental Assistance Demonstration program, and then utilize their \$14.6 million low-income housing tax credit award, which was awarded in 2013 to rehabilitate the units. YHA also has an outstanding capital lease with YHA Family amounting to approximately \$5.9 million at December 31, 2019.

Toppenish Family Housing, LLC (TFH) was formed in May 2015 as a separate legal entity to take advantage of low-income housing tax credits needed to finance the construction of a 30-unit residential rental housing project.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Reporting entity (continued):

Yakima Affordable Housing, LLLP (YAH) was formed in April 2016 as a separate legal entity to take advantage of low income housing tax credits needed to finance the rehabilitation of 89-units of rental housing projects for persons of low and moderate income. YHA also has an outstanding capital lease amounting to approximately \$2.1 million at December 31, 2019.

Allocations of low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42) regulate the use of the projects to occupant eligibility and unit gross rent, among other requirements. Each building of the projects must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits.

There are a variety of transactions that occur between the General Partner (YHA) and the Partnerships, including the payment of a management fee by the Partnership to the General Partner. In addition, there are a variety of receivables and payables between the General Partner and the Partnerships.

Basis of Accounting:

The accounts of YHA are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets, liabilities, net position, revenues and expenses.

YHA accounts for its operations in one fund type, the enterprise fund. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operations of YHA are included on the statements of net position.

Summary of Significant Accounting Policies:

The basic financial statements of YHA have been prepared in conformity with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. Following is a summary of the more significant accounting policies of YHA.

Budgeting- The Housing Authority follows the guidelines set forth in the Low Rent Housing Financial Management Handbook (RHA 7475.1) issued by HUD. The budgets are adopted on a basis consistent with GAAP.

Cash and cash equivalents — YHA's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. As required by HUD, all of the bank balance amounts are fully insured by the Federal Government or covered by collateral under the terms of a Depository Agreement executed between YHA and the financial institution.

Restricted Funds — YHA receives security deposits when tenants move into their units. These deposits are segregated in a depository account and are considered a liability of YHA. In addition, YHA is required to maintain reserves required by long-term financing agreements, which are classified as restricted. Restricted funds also include required reserves and funds received in advance that are restricted for a specific or future purpose. Reserves are also required under the partnership agreements for YHA Family Housing, LLC, Toppenish Family Housing, LLC and Yakima Affordable Housing, LLLP. YHA's Family Self Sufficiency program provides for an escrowed savings account for tenants participating in the program. Deposits are equal to increased rents participants pay as a result of their increased earnings and are paid to the tenant upon completion of the contract.

Investments — Federal statutes authorize investment of excess federal funds in instruments issued by or guaranteed by the Federal government. YHA has adopted this policy for all invested funds, whether or not they are federal funds. Investments are carried at fair value based on the most recent market quotations.

Inventories— Inventories consist of expendable supplies held for consumption. All inventories are valued at cost.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Capital Assets — Capital assets are stated at historical cost. Outlays for capital assets and improvements in excess of \$5,000 are capitalized. Maintenance and repairs are charged to operations as incurred. Replacements that improve or extend the lives of property are capitalized. Donated assets are valued at their fair value on the date donated.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its future service utility has declined significantly and unexpectedly. YHA is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. No such events or circumstances were encountered as of December 31, 2019.

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income.

The reporting entity's policy is to capitalize interest on construction projects until substantial completion of the project. Capitalized interest is amortized over the estimated useful life of the asset on the same basis as the asset. The estimated useful lives are as follows:

Dwelling structures	15 - 40 years
Furniture/equipment	3 - 7 years
Vehicles	5 years

Long-term Debt — Debt issuance costs represent expenses incurred in the process of obtaining long-term financing and are expensed as incurred.

Unearned Revenues — Unearned grant revenues are grant funds that have been drawn down or funds advanced and have not yet been expended. At the time those funds are expended revenue will be recognized.

Accrued Compensated Absences — The Housing Authority recognizes an expense for all earned but unused leave. Employees earn between 120 and 240 hours of paid time off, depending on the individual employee's years of employment. Unused paid time off pay may be "banked" up to a maximum of 240 hours, any unused paid time off in excess of this amount is forfeited. Accrued but unused paid time off, up to 120 hours, is payable upon resignation, retirement or death.

Revenue and expenses — YHA's statements of net position distinguish between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing housing and related services, and federal operating subsidies and housing assistance payments that are directly related to YHA's mission. Nonoperating revenue includes capital and noncapital federal grants, interest revenue, and other revenue not meeting the definition of operating. Operating expenses consist of all expenses incurred to provide housing services. Nonoperating expenses include interest expense and other expenses not meeting the definition of operating.

Subsequent events — Subsequent events have been evaluated through August 31, 2020, which is the date the financial statements were available to be issued.

Tax status — YHA, as a governmental entity, is not subject to federal or state income taxes. YHA Family Housing, LLC, Toppenish Family Housing, LLC and Yakima Affordable Housing, LLLP do not report taxable income or losses; rather it is allocated to the respective partners in accordance with their respective percentage ownership. Management of the partnerships have evaluated the Partnerships' tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the reporting period. Results could differ from those estimates.

NOTE 2 — DEPOSITS:

Deposits, including those in restricted assets, are defined as cash or cash equivalents on deposit with financial institutions. At December 31, 2019, the carrying amount of YHA's cash accounts deposited with financial institutions was \$5,223,701 and the bank balance was \$6,505,006. The bank deposits are held with financial institutions and are entirely insured or collateralized.

At December 31, 2019, the carrying amount of the discretely presented component units deposited with financial institutions was \$369,608 and the bank balance was \$553,450. The bank deposits are held with financial institutions and are entirely insured or collateralized.

For the primary government, cash and cash equivalents consist of the following at December 31, 2019:

Cash and cash equivalents - unrestricted	\$ 4,395,799
Cash and cash equivalents - current restricted	828,202
Total cash and cash equivalents	5,224,001
Less: cash on hand	(300)
Total deposits	<u>\$ 5,223,701</u>

For the discretely presented component units, cash and cash equivalents consist of the following at December 31, 2019:

Cash and cash equivalents - unrestricted	\$ 298,942
Cash and cash equivalents - current restricted	70,866
Total cash and cash equivalents	369,808
Less: cash on hand	(200)
Total deposits	<u>\$ 369,608</u>

NOTE 3 — INVESTMENTS:

YHA's investment practice is to follow all HUD guidelines with regard to depository accounts. As a result, YHA restricts its investments to direct obligations of the U.S. Government, fully insured or collateralized investments at commercial banks and savings and loan associations, collateralized repurchase agreements, state-approved investment pools, or money market funds consisting entirely of U.S. Government securities (rated AAA). All investments are reported at fair value, which is obtained from quoted market prices of the exact same investments trading in public markets.

Investments held are as follows:

	YHA	Discretely Presented Component Units	Combined
Money market account	<u>\$ 1,319,200</u>	<u>\$ 2,042,714</u>	<u>\$ 3,361,914</u>

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 3 — INVESTMENTS (CONTINUED):

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, YHA’s deposits may not be returned. YHA follows HUD policies, which requires collateral for all deposits not covered by federal depository insurance. At December 31, 2019, none of YHA’s deposits and investments were exposed to custodial credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 100% of YHA’s investments have a maturity of less than one year, and the government does not have a formal policy with regards to interest rate risk.

Concentration of Credit Risk– Concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government). Since YHA follows HUD policies, and all held investments are in investments issued or guaranteed by the U.S. government, there is no concentration of credit risk.

Credit Risk of Investments– Credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality rating of investments in debt securities as rated by a nationally recognized rating agency. The government does not have a formal policy related to credit risk of investments.

NOTE 4 — RECEIVABLES:

For the primary government, receivables consist of the following at December 31, 2019:

Tenants	\$ 70,568
HUD - Other Projects	3,418
Other	45,383
Related party interest receivable	<u>1,521,023</u>
Total receivables	1,640,392
Less: Allowance for doubtful accounts	<u>(36,602)</u>
	<u><u>\$ 1,603,790</u></u>

For the discretely presented component units, receivables consist of the following at December 31, 2019:

Tenants	\$ 58,877
Intergovernmental	36,732
Other	<u>45,727</u>
Total receivables	141,336
Less: Allowance for doubtful accounts	<u>(38,203)</u>
	<u><u>\$ 103,133</u></u>

Continued

Housing Authority of the City of Yakima
Notes to Basic Financial Statements
December 31, 2019

NOTE 5 — CAPITAL ASSETS:

Changes in capital assets for the primary government during the year ended December 31, 2019 were as follows:

	January 1, 2019	Additions	Transfer/ retirements	December 31, 2019
Capital assets not depreciated:				
Land	\$ 2,494,146	\$ 53,840	\$ -	\$ 2,547,986
Construction in progress	574,594	886,932	-	1,461,526
Total capital assets not depreciated	3,068,740	940,772	-	4,009,512
Capital assets being depreciated:				
Buildings and improvements	26,110,422	55,990	-	26,166,412
Furniture and equipment	1,485,036	42,873	(997)	1,526,912
Total capital assets being depreciated	27,595,458	98,863	(997)	27,693,324
Accumulated depreciation:				
Buildings and improvements	11,474,678	741,696	(1,000)	12,215,374
Furniture and equipment	829,682	99,002	-	928,684
Total accumulated depreciation	12,304,360	840,698	(1,000)	13,144,058
Total capital assets	\$ 18,359,838	\$ 198,937	\$ 3	\$ 18,558,778

Changes in capital assets for the discretely presented component units during the year ended December 31, 2019 were as follows:

	January 1, 2019	Additions	Transfer/ retirements	December 31, 2019
Capital assets not depreciated:				
Land	\$ 1,688,758	\$ -	\$ -	\$ 1,688,758
Total capital assets not depreciated	1,688,758	-	-	1,688,758
Capital assets being depreciated:				
Buildings and improvements	33,655,873	65,099	-	33,720,972
Furniture and equipment	376,393	-	-	376,393
Total capital assets being depreciated	34,032,266	65,099	-	34,097,365
Accumulated depreciation:				
Buildings and improvements	4,040,425	1,069,169	-	5,109,594
Furniture and equipment	121,286	26,885	-	148,171
Total accumulated depreciation	4,161,711	1,096,054	-	5,257,765
Total capital assets	\$ 31,559,313	\$ (1,030,955)	\$ -	\$ 30,528,358

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 6 — SHORT-TERM NOTES PAYABLE AND LINE OF CREDIT:

YHA has a \$250,000 line of credit agreement with Banner Bank expiring September 30, 2020. The line of credit is secured against funds in the Board Designated Reserve and subject to an interest rate adjusting at the Wall Street journal prime rate with a floor of 3.25% (effective rate of 4.75% percent at December 31, 2019). The balance at December 31, 2018 and 2019 was \$141,629 and \$215,751, respectively.

YHA has a short term note payable to Impact Capital for construction of the Chuck Austin Place. At December 31, 2019 \$844,120 was outstanding. Subsequent to year end the principal and interest (at 6.2%) were refinanced.

NOTE 7 — LONG-TERM DEBT:

A summary of changes in YHA's long-term debt for the year ended December 31, 2019 is presented below:

	Balance at January 1, 2019	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
Revenue Bonds:					
Banner Bank - Nueva	\$ 1,917,161	\$ -	\$ (38,211)	\$ 1,878,950	\$ 38,976
Real Estate Mortgages:					
Banner Bank:					
Admin. Office - Nueva	328,601	-	(15,005)	313,596	15,000
Impact Capital	775,000	-	(13,753)	761,247	12,504
Cosecha Court II	-	166,348	-	166,348	-
Office of Rural and Farmworker Housing -					
Unrestricted	170,500	-	-	170,500	-
Preservation Revolving Loan Fund	217,847	-	(9,933)	207,914	10,092
U.S. Dept. of Agriculture - Valley 7	299,036	-	(12,644)	286,392	81,972
U.S. Dept. of Agriculture - Valley 7	1,445,669	-	(29,857)	1,415,812	-
U.S. Dept. of Agriculture - Cosecha Court	174,788	-	(5,769)	169,019	1,725
U.S. Dept. of Agriculture - Harmony Park	670,048	5,327	-	675,375	6,456
Department of Commerce:					
Unrestricted	525,350	-	(250)	525,100	2,523
Valley 7	594,182	-	-	594,182	-
Nueva Primavera	991,010	-	(15,000)	976,010	15,000
Mariposa Park	780,800	-	(4,000)	776,800	4,000
Mariposa Park	103,056	-	-	103,056	-
Total long-term debt	<u>\$ 8,993,048</u>	<u>\$ 171,675</u>	<u>\$ (144,422)</u>	<u>\$ 9,020,301</u>	<u>\$ 188,248</u>

Revenue Bond:

Banner Bank - Nueva – A private placement revenue bond for \$2,025,000, which refinanced Nueva Primavera's existing revenue bond, \$1,878,950 of which was outstanding at December 31, 2019. The initial loan required payments of interest only through November 1, 2015. Subsequently the outstanding balance is payable in monthly payments of approximately \$10,000, including interest at 4.375%, which is fixed for 10 years, and is due April 30, 2029. The mortgage is collateralized by the property.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 7 — LONG-TERM DEBT (CONTINUED):

The annual requirements to amortize outstanding debt including interest, for the revenue bond is as follows:

	Principal	Interest	Total
2020	\$ 38,976	\$ 81,400	\$ 120,376
2021	41,700	79,600	121,300
2022	43,600	77,800	121,400
2023	45,600	75,800	121,400
2024	47,700	77,900	125,600
2025-2029	1,661,374	373,000	2,034,374
	<u>\$ 1,878,950</u>	<u>\$ 765,500</u>	<u>\$ 2,644,450</u>

Real Estate Mortgages:

Banner Bank - Nueva – Long-term note payable for \$390,000, collateralized by YHA’s administrative offices. The loan requires 60 monthly payments of \$2,415, including interest at 4.25%, commencing July 1, 2014. This if followed, calls for 59 monthly principal and interest payments of \$2,415, with interest at the five year federal home loan Bank of Seattle Bullet Advance rate plus 2.11%. Final payment of all outstanding interest and principal is due in June 2024. The loan balance was \$313,596 as of December 31, 2019.

Banner Bank – Cosecha Court 2 – Long-term note payable for \$775,000, collateralized by the property. The loan requires 360 monthly payments of \$3,829, including interest at 4.25%. Final payment of all outstanding interest and principal is due in February of 2049. The loan balance was \$761,247 as of December 31, 2019.

Office of Rural and Farmworker Housing – Long-term note payable for \$170,500 utilized to purchase real estate in Granger. The loan is collateralized by the property. Interest only payments at 3.5% are due quarterly. The principal balance is due the earlier of the date permanent financing is obtained, or November, 2022. The loan balance was \$170,500 as of December 31, 2019.

Office of Rural and Farmworker Housing – Long-term note payable for \$250,000 for rehabilitation construction at Valley 7. The loan is collateralized by the property. The loan requires 240 monthly payments of \$1,500, including interest at 3.5%, commencing June 2015. Final payment of all outstanding interest and principal is due June 2035. The loan balance was \$207,914 as of December 31, 2019.

United States Department of Agriculture Rural Development – Valley Seven– In 2002 YHA consolidated \$1,760,690 of debt that had originally been utilized for the construction of the Valley Seven project, a 142-unit housing development. Monthly installments of \$5,269, including interest of 1% are due monthly. The final payment is due in 2027. The mortgage is collateralized by the property. This loan balance was \$286,392 at December 31, 2019.

United States Department of Agriculture Rural Development – Valley Seven– In July 2015, YHA was awarded a USDA loan of \$1,800,000 for the construction costs of Valley Seven. The loan is payable in monthly installments over a period of 33 years, bearing an interest rate of 1% upon completion of construction. The mortgage is collateralized by the property. The loan balance was \$1,415,812 at December 31, 2019.

United States Department of Agriculture Rural Development – Cosecha Court– In 2012 YHA was awarded a USDA loan for the construction costs of Cosecha Court. The loan is payable in monthly installments over a period of 33 years, bearing an interest rate not to exceed 1%. The mortgage is collateralized by the property. The loan balance was \$169,019 as of December 31, 2019.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 7 — LONG-TERM DEBT (CONTINUED):

Real Estate Mortgages (continued):

United States Department of Agriculture Rural Development – Harmony Park— In July 2015, YHA was awarded a USDA loan for the construction costs of Harmony Park for \$701,977. The loan is payable in monthly installments of \$2,369 over a period of 30 years, bearing an interest rate of 3.25%. YHA receives an interest subsidy that resulted in an effective interest rate of 1.73% for the year ended December 31, 2019. The mortgage is collateralized by the property. The loan balance was \$675,375 as of December 31, 2019.

Department of Commerce – Unrestricted - In 2000 YHA borrowed \$565,100 to purchase Glenn Acres, a 38-unit apartment building. Installments of \$2,000 are due annually until November 30, 2028. Subsequent to November 30, 2028 interest of 1% will be charged. The final payment is due in 2040. The mortgage is collateralized by the property. The loan balance was \$525,100 as of December 31, 2019. During the year ended December 31, 2018, Glenn Acres was sold to a tax credit project. The Department of Commerce debt is now the responsibility of YHA.

Impact Capital – In 2019 YHA obtained bridge financing from Impact Capital for Cosecha Court II. The loan is due upon obtaining permanent financing, at which time all principal and interest outstanding (at 6.25%) is due. The mortgage is collateralized by this property. The amount drawn at December 31, 2019 was \$166,348. Subsequent to year-end permanent financing was obtained.

Department of Commerce —In 1993 YHA consolidated \$594,182 of debt with the Department of Commerce. The loan is at 0%, and is payable upon the sale or change of use of the property. At the conclusion of fifty years YHA and the Department of Commerce can initiate close-out procedures, which provided all criteria are met, and there are no further state interest in keeping the contract open the loan will be closed. The loan balance was \$594,182 as of December 31, 2019.

Department of Commerce - Nueva— In 1999 YHA borrowed \$1,000,000 to construct Nueva Primavera, a 39-unit housing development. During the refinancing of Nueva Primavera in May 2015, an additional \$21,010 was borrowed. Installments of interest only are due annually. Principal payments of \$3,750 are due quarterly beginning in 2016, with final payment due in 2049. The mortgage is collateralized by the property. The loan balance was \$976,010 as of December 31, 2019.

Department of Commerce - Mariposa— In 1999 YHA borrowed \$840,800 to construct Mariposa Park, a 26-unit housing development. Installments of \$4,000 are due annually, plus interest of 1%. The final payment is due in 2048. The mortgage is collateralized by the property. The loan balance was \$776,800 as of December 31, 2019.

Department of Commerce - Mariposa— In 1998 YHA borrowed \$103,060 to construct Mariposa Park, a 26-unit housing development. The principal is due in full in 2049. No interest shall accrue. The mortgage is collateralized by the property. The loan balances was \$103,056 as of December 31, 2019.

The annual requirements to amortize outstanding debt, including interest, for the real estate mortgages are as follows:

	Principal	Interest	Total
2020	\$ 149,272	\$ 90,100	\$ 239,372
2021	196,900	87,700	284,600
2022	370,500	85,400	455,900
2023	203,100	77,000	280,100
2024	432,600	74,700	507,300
2025-2029	1,227,300	326,700	1,554,000
2030-2034	724,100	262,200	986,300
2035-2039	650,000	205,100	855,100
2040-2044	1,171,300	148,500	1,319,800
2045-2049	2,016,279	27,801	2,044,080
	<u>\$ 7,141,351</u>	<u>\$ 1,385,201</u>	<u>\$ 8,526,552</u>

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 7 — LONG-TERM DEBT (CONTINUED):

A summary of changes in YHA's discretely presented component units' long-term debt for the year ended December 31, 2019 is presented below:

	Balance at January 1, 2019	Additions	Reductions	Balance at December 31, 2019	Due Within One Year
Revenue Bonds:					
Banner Bank	\$ 4,587,164	\$ (119,361)	\$ -	\$ 4,467,803	\$ 60,500
Real Estate Mortgages:					
Department of Community Trade and Economic Development:					
Toppenish Family	2,100,000	-	-	2,100,000	
Total long-term debt	<u>\$ 6,687,164</u>	<u>\$ (119,361)</u>	<u>\$ -</u>	<u>\$ 6,567,803</u>	<u>\$ 60,500</u>

Revenue Bonds:

Banner Bank – Yakima Affordable Housing – In 2016 the Partnership borrowed \$7,000,000 for construction, with a conversion to permanent financing required by November 1, 2018. Conversion occurred on March 9, 2018 when the loan was paid down to \$4,625,000. The loan requires monthly payments of principal and interest of \$21,525 with the remaining balance of \$3,226,900 due on May 1, 2035. The loan balance was \$4,467,803 as of December 31, 2019.

The annual requirements to amortize outstanding debt including interest, for the revenue bond is as follows:

	Principal	Interest	Total
2020	\$ 60,500	\$ 200,000	\$ 260,500
2021	76,000	197,300	273,300
2022	78,000	194,600	272,600
2023	80,000	191,800	271,800
2024	82,000	189,800	271,800
2025-2029	391,800	899,600	1,291,400
2030-2034	486,500	805,000	1,291,500
2035-2039	3,213,003	352,000	3,565,003
	<u>\$ 4,467,803</u>	<u>\$ 3,030,100</u>	<u>\$ 7,497,903</u>

Real Estate Mortgage:

Department of Commerce – Toppenish Family - In 2015, YHA was granted a loan of \$2,100,000 to construct Toppenish Family Housing, a 24-unit housing development, all of which was drawn down at December 31, 2019. The principal is due in full in 2049. No interest shall accrue. The mortgage is collateralized by the property. The loan balance was \$2,100,000 as of December 31, 2019.

Debt owed to YHA by YHA's Discretely Presented Component Units:

Capital Leases – Yakima Affordable Housing, LLLP and YHA Family Housing, LLC have obtained long-term financing from YHA, which are payable in accordance with their respective operating agreements, and based on cash flow. Financing terms are disclosed in Note 14.

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Housing Authority of the City of Yakima
Notes to Basic Financial Statements
December 31, 2019

NOTE 7 — LONG-TERM DEBT (CONTINUED):

The annual requirements to amortize outstanding debt, including interest, for the real estate mortgages are as follows:

	Principal	Interest	Total
2020	\$ -	\$ -	\$ -
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025-2029	-	-	-
2030-2034	-	-	-
2035-2039	-	-	-
2040-2044	-	-	-
2045-2049	2,100,000	-	2,100,000
	<u>\$ 2,100,000</u>	<u>\$ -</u>	<u>\$ 2,100,000</u>

Compensated Absences:

The compensated absence balances for the primary government as of December 31, 2019 is as follows:

Compensated absence balances as of December 31, 2018	\$ 120,369
Compensated absences earned by employees	72,563
Compensated absences utilized by employees	(66,525)
Compensated absence balances as of December 31, 2019	<u>\$ 126,407</u>

The compensated absence balances for the discretely presented components as of December 31, 2019 is as follows:

Compensated absence balances as of December 31, 2018	\$ 13,040
Compensated absences earned by employees	21,824
Compensated absences utilized by employees	(18,460)
Compensated absence balances as of December 31, 2019	<u>\$ 16,404</u>

NOTE 8 — RESTRICTED NET POSITION:

Restricted net position consists of funds that are restricted for the following purposes:

Housing Assistance – Funds received from governmental agencies, which are restricted for providing housing assistance to qualifying individuals and families.

Future Capital Improvements – Funds received from a governmental agency, which is restricted for future capital improvements, and requires the approval from the governmental agency prior to expenditure of the funds.

Required Reserves – Funds held by YHA in compliance with legal, regulatory, or lending requirements.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 9 — OPERATING LEASES:

In May of 2018 YHA entered into an operating lease for a postage machine. The lease called for monthly payments of \$283 through May of 2023.

NOTE 10 — DEFERRED COMPENSATION PLAN:

YHA, in conjunction with the State, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Washington State Department of Retirement Systems manages the plan. In June 1998, the State Deferred Compensation Program plan assets were placed into trust for the exclusive benefit of participants and their beneficiaries. Pursuant to GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, since the Housing Authority is not the owner of these assets, the plan assets and liabilities are not reported as part of the Housing Authority.

NOTE 11 — DEFINED CONTRIBUTION PLAN:

All YHA full-time employees participate in the Housing Authority of the City of Yakima Retirement Plan, which provides funds at retirement for employees of YHA and in the event of death, provides funds for their beneficiaries, through contributions by YHA of 8% of employee payroll after an employee reaches 1,000 hours of employment.

As of December 31, 2019, there were 34 participants in the Defined Contribution Plan. The covered payroll for employees in the plan was \$1,571,425 at December 31, 2019.

Employer contributions were \$125,714 for the year ended December 31, 2019. Employees are vested in their account by years of service, 43% (year 1), 54% (year 2), 66% (year 3), 77% (year 4), 89% (year 5), and 100% (year 6).

The Defined Contribution Plan uses the accrual basis of accounting. Investments are directed by individual plan participants, and holdings are reported at fair value, based on quoted market prices. YHA reserves the right to amend or terminate the plan. However, no amendment will change the employee's right of vested benefit, and should the plan be terminated all employees would automatically become 100% vested in the normal value of their account.

The plan is not subject to ERISA reporting requirements, and separate financial statements have not been prepared for the plan. The plan is administered by Cuna Mutual Retirement Solutions.

NOTE 12 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL:

The Yakima Housing Authority is not facing any type of risk and has no settlements that exceeded the insurance coverage traditionally insured with property and casualty insurance. We are unaware of any loss exposures that may need specialized coverage traditionally excluded in property and casualty insurance.

The Yakima Housing Authority is a member of Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 190.080 ORS and 48.62 RCW (self-insurance regulations) and Chapter 39.34 (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP is a U.S. Department of Housing and Urban Development (HUD) approved self-insurance entity for utilization by public housing authorities. HARRP has a total of eighty-three member/owner housing authorities in the states of Washington, Oregon, California and Nevada. Thirty-four of the eighty-three members are Washington State public housing entities.

New members are underwritten at their original membership and thereafter automatically renew on an annual basis. Members may quit upon giving notice to HARRP prior to their renewal date. Members terminating membership are not eligible to rejoin HARRP for three years. HARRP can terminate the members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

Continued

Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 12 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL (CONTINUED):

General and Automobile Liability Coverage is written on an occurrence basis, without member deductibles. Errors and Omissions coverage (which includes Employment Practices Liability) is written on claims made basis, and the members are responsible for 10% of the incurred costs of the claims. (Due to special underwriting circumstances, some members may be subject to greater deductibles and E & O co-payments). Coverage limits for General Liability, Automobile Liability, as well as Errors and Omissions, are \$2,000,000 per occurrence with a \$2,000,000 aggregate.

The Property coverage offered by HARRP is on a replacement cost basis, with deductibles ranging from \$2,500 to \$25,000. Our Property coverages include Equipment Breakdown, as well as Fidelity coverage with limits of \$100,000 (with options up to \$1,000,000) for employee dishonesty, forgery or alteration and \$50,000 for theft, with a \$1,000 deductible.

HARRP self-insures coverage for liability lines. HARRP self-insures the first \$2,000,000 for property, then purchases \$45 million of excess insurance from Munich Reinsurance for a combined total of \$47,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

HARRP provides loss control and claim services with in-house staff and retained third party contractors.

HARRP is fully funded by member contributions that are adjusted by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, excess insurance, reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

YHA Family Housing, LLC and Toppenish Family Housing, LLC are members of the Affordable Housing Risk Pool (AHRP). Legislation sponsored by HARRP has been enacted in Washington, Oregon, Nevada, and California to provide statutory authorization for the formation and operation of an insurance pool that offers coverage to private affordable housing entities, specifically tax credit partnerships, affiliated nonprofits, and nonprofit affordable housing owners. AHRP is a wholly owned subsidiary of HARRP, and is governed by a Board of Directors.

The pool allows members to establish a plan of self-insurance, jointly purchase insurance coverage and to provide such related services as risk management and loss control. Coverage for public official liability is on a "claims made basis." All other coverage is on an "occurrence" basis. YHA Family Housing, LLC and Toppenish Family Housing, LLC have elected the similar levels to YHA, as described previously.

NOTE 13 — CONTINGENCIES:

YHA has recorded in its financial statements all material liabilities.

YHA participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Housing Authority management believes that such disallowances, if any, will be immaterial.

The Housing Authority has a \$296,000 recoverable grant from the Washington State Housing Trust Fund for the construction of low-income temporary housing for farmworkers at Cosecha Court. This grant is conditional on the Housing Authority provided low-income individual with housing for a commitment period of forty (40) years. If the project is sold, refinanced, transferred, the use changes during the 40-year term of the commitment, or is out of compliance with the conditions of the contract, the award amount plus a proportional share of the appreciated value of the property will be due and payable to the Housing Trust Fund within 30 days of such event. The term of the commitment expires January 31, 2054.

The Housing Authority has a \$1,065,000 recoverable grant from Washington Housing Trust Fund for the rehabilitation of fifty-one unit apartment complex (Naches House), which currently provides low-income housing. This grant is conditional on the Housing Authority provided low-income individual with housing for a commitment period of forty (40) years. If the project is sold, refinanced, transferred, the use changes during the 40-year term of the commitment, or is out of compliance with the conditions of the contract, the award amount plus a proportional share of the appreciated value of the property will be due and payable to the Housing Trust Fund within 30 days of such event. The term of the commitment expires January 31, 2054.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 13 — CONTINGENCIES (CONTINUED):

The Housing Authority has a \$1,300,000 recoverable grant from Washington Department of Commerce for the rehabilitation of twenty-four unit apartment complex (Harmony Park), which currently provides low-income housing. This grant is conditional on the Housing Authority provided low-income individual with housing for a commitment period of forty (40) years. If the project is sold, refinanced, transferred, the use changes during the 40-year term of the commitment, or is out of compliance with the conditions of the contract, the award amount plus a proportional share of the appreciated value of the property will be due and payable to the Department of Commerce within 30 days of such event. The term of the commitment expires December 31, 2053.

The Housing Authority was awarded a \$3,000,000 recoverable grant from the Washington Housing Trust Fund for the construction of low-income temporary housing for farmworkers at Cosecha Court II. This grant is conditional on the Housing Authority provided low-income individual with housing for a commitment period of forty (40) years. If the project is sold, refinanced, transferred, the use changes during the 40-year term of the commitment, or is out of compliance with the conditions of the contract, the award amount plus a proportional share of the appreciated value of the property will be due and payable to the Housing Trust Fund within 30 days of such event. The term of the commitment expires January 31, 2057. At December 31, 2019 the Housing Authority had drawn \$2,970,000 on the total amount available.

NOTE 14 — RELATED PARTY TRANSACTIONS:

YHA Family Housing, LLC:

In 2012 YHA's application to participate in the HUD Rental Assistance Demonstration Program (HUD RAD) was approved. The HUD RAD program allows housing authorities to convert their public housing stock to project-based Section 8, which allowed YHA to seek funding sources for rehabilitation that were previously not allowed, due to the restrictions surrounding public housing. In connection with closing on the 150 units, YHA sold the 150 units to YHA Family Housing, LLC.

The units, which prior to the sale had a net book value of \$5,618,924 (cost of \$15,022,084 net of accumulated depreciation of \$8,826,555), were sold to the LLC for \$7,036,800, and capitalized on the LLC's books at \$5,536,800 (building) and \$1,500,000 (land) during the year-ended December 31, 2015. The purchase price was financed on a long-term lease with an initial principal balance of \$6,333,120, \$5,873,170 of which was outstanding at December 31, 2019. As of December 31, 2019 accrued interest of \$1,014,955 was outstanding. Principal and interest payments at 5.2% are payable out of distributions of cash flow in accordance with the Amended and Restated Operating Agreement, and is due in full on December 31, 2068.

For the year ended December 31, 2019 YHA contributed \$-0- of equity to the LLC.

In June of 2013 YHA Family Housing, LLC signed a credit reservation and carryover allocation contract with the Washington State Housing Finance Commission for the reservation and award of \$1,464,418 of credit awarded under Section 42 of the Internal Revenue Code. Pursuant to the terms of the Operating Agreement, the Investor Member is required to make capital contributions totaling \$13,324,871 subject to potential adjustments based on the amount of low-income housing tax credits ultimately allocated to the Project in addition to other potential occurrences. As of December 31, 2019, the Investor Member has made all required capital contributions.

YHA Family Housing, LLC:

Property management fee – YHA owns a 0.01% interest in YHA Family Housing, LLC (the LLC), which was formed in December of 2012. YHA is the Managing Member, and manages the Partnership under a property management agreement, which provides for a maximum management fee of 8% of the annual gross effective income, payment of which will be limited to 4% if adequate cash flows are not available. For the period ended December 31, 2019, \$142,800 was recorded as a management fee expense, \$-0- of which was outstanding at December 31, 2019.

Asset management fee – YHA Family Housing, LLC pays an annual asset management fee to the Limited Partner in the amount of \$7,500 per annum. The payment is due on December 1 of the year that the first building in the Project is placed in service, and on June 1st of each year thereafter, increased by 3% per annum. For the period ended December 31, 2019, \$8,687 was recorded as management fee expense, \$-0- of which was outstanding at December 31, 2019.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 14 — RELATED PARTY TRANSACTIONS (CONTINUED):

Toppenish Family Housing LLC

In July of 2015, Toppenish Family Housing, LLC signed a credit reservation and carryover allocation contract with the Washington State Housing Finance Commission for the reservation and award of \$547,109 of credit awarded under Section 42 of the Internal Revenue Code. This award is expected to provide approximately \$4.9 million dollars of equity contributions from the LLC's limited partner, of which \$4,642,704 had been received as of December 31, 2019.

Property management fee – YHA owns a 0.01% interest in Toppenish Family Housing, LLC (the LLC), which was formed in May of 2015. YHA is the Managing Member, and manages the Partnership under a property management agreement, which provides for a maximum management fee of 8% of the annual gross effective income, payment of which will be limited to 4% if adequate cash flows are not available. For the period ended December 31, 2019, \$16,875 was recorded as a management fee expense, \$-0- of which was outstanding at December 31, 2019.

Asset management fee – Toppenish Family Housing, LLC pays an annual asset management fee to the Limited Partner in the amount of \$5,000 per annum. The payment is due on December 1 of the year that the first building in the Project is placed in service, and on June 1st of each year thereafter, increased by 3% per annum. For the period ended December 31, 2019, \$5,464 was recorded as management fee expense, \$-0- of which was outstanding at December 31, 2019.

Yakima Affordable Housing, LLLP

In April of 2016, Yakima Affordable Housing, LLLP, signed a credit reservation and carryover allocation contract with the Washington State Housing Finance Commission for the reservation and award of \$7,000,000 of credit awarded under Section 42 of the Internal Revenue Code. This award is expected to provide approximately \$3.7 million dollars of equity contributions from the LLLP's limited partner, of which \$3,690,831 had been received as of December 31, 2019. In addition, the Partnership obtained a capital lease from YHA in the original amount of \$4,490,000. The capital lease accrues interest at a rate of 4.38% annually. As of December 31, 2019, the outstanding balance was \$2,350,000 and the interest payable was \$173,657. For the year ended December 31, 2019 interest expense was \$224,769.

Property management fee – YHA owns a 0.01% interest in Yakima Affordable Housing, LLLP (the LLLP), which was formed in April of 2016. YHA is the Managing Member, and manages the Partnership under a property management agreement, which provides for a management fee that does not exceed 8% of gross rental collections. For the period ended December 31, 2019, \$67,037 was recorded as a management fee expense, \$-0- of which was outstanding at December 31, 2019.

Asset management fee – Yakima Affordable Housing, LLLP pays an annual asset management fee to the Limited Partner in the amount of \$4,500 per annum. The payment is due on December 1 of the year that the first building in the Project is placed in service, and on June 1st of each year thereafter, increased by 3% per annum. For the period ended December 31, 2019, \$4,917 was recorded as management fee expense, \$-0- of which was outstanding at December 31, 2019.

YHA Family Housing, LLC:

Operating reserve:

The YHA Family Housing, LLC operating agreement requires an initial funding of \$431,425, to be deposited upon the LLC attaining stabilization. Subsequent monthly deposits to the reserve are required at the greater of the amount required by the lender or \$27,750 (on an annualized basis), increased annually by 3%. At December 31, 2019, the balance in the reserve was \$432,771, and was overfunded by \$1,346.

Withdrawals in excess of \$10,000 in any one fiscal year require the consent of the Limited Partner. Should the balance in the operating reserve fall below the operating reserve minimum (\$215,623), distributions shall be made from Net Cash Flows on each payment date to maintain a minimum balance equal to the operating reserve minimum. Subsequent to the end of the compliance period the operating reserve may be related and distributed as net cash flow.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 15 — RESERVES:

Replacement reserves:

The YHA Family Housing, LLC operating agreement requires an initial funding of \$825,000, to be deposited upon the LLC attaining stabilization. Additional contributions of \$52,500 annually are required to be made to the replacement reserve commencing the earlier of six months after completion of construction or the first month of stabilized operations. Payments are increased annually by 2% per annum. Any interest earned on the Replacement Reserve shall become a part of the Replacement Reserve.

Draws from the Replacement Reserve are restricted for capital costs that result in a depreciable asset with a useful life exceeding two years. Draws from the Replacement Reserve are limited to \$25,000 in any one fiscal year except for emergency expenditures. At December 31, 2019, the balance in the reserve was \$966,596, and was under funded by \$375.

Working capital reserve:

YHA Family Housing, LLC has a working capital reserve that was funded upon the closing of their Project. The use of these funds is limited to funding operating deficits, and is to be maintained throughout the duration of the compliance period. At December 31, 2019, YHA Family Housing, LLC maintained operating cash in excess of the required reserve amount of \$50,000.

Toppenish Family Housing, LLC:

Operating reserve:

The Toppenish Family Housing, LLC operating agreement requires an initial funding of \$75,708, to be deposited upon the LLC attaining stabilization. The reserve is to be used to pay any operating deficits. As of December 31, 2019, the reserve balance was \$75,708.

Withdrawals in excess of \$10,000 in any one fiscal year require to consent of the Limited Partner. Should the balance in the operating reserve fall below the operating reserve minimum (\$37,854), distributions shall be made for the Net Cash Flows as outlined in the partnership agreement.

Replacement reserves:

The Toppenish Family Housing, LLC operating agreement requires an initial funding of \$130,000, which is not required to be funded until October 1, 2021. A second replacement reserve capital contribution of \$230,000 is required on October 1, 2026. Any interest earned on the Replacement Reserve shall become a part of the Replacement Reserve. As of December 31, 2019, the reserve balance was \$230,489.

Yakima Affordable Housing, LLLP

Operating reserve:

The Yakima Affordable Housing, LLLP operating agreement requires an initial funding of \$175,000, to be deposited upon the LLLP attaining stabilization. The reserve is to be used to pay any operating deficits of Yakima Affordable Housing, LLLP.

As of December 31, 2019, the reserve balance was \$181,236, as the stabilization capital contribution has not yet occurred.

Withdrawals in excess of \$10,000 in any one fiscal year require the consent of the Limited Partner. Should the balance in the operating reserve fall below the operating reserve minimum (\$175,000), distributions shall be made from Net Cash Flows on each payment date to maintain a minimum balance equal to the operating reserve minimum. Subsequent to the end of the compliance period the operating reserve may be related and distributed as net cash flow.

Replacement reserves:

The Yakima Affordable Housing, LLLP partnership agreement required the establishment of a replacement reserve account in the initial amount of \$75,000. The Partnership is required to fund the replacement reserve in the annual amount of \$375 per unit increasing by 3% per annum. As of December 31, 2019 the reserve balance was \$155,324, and was in compliance with the reserve requirement.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 16 — COMMITMENTS:

YHA applied to the U.S. Department of Health and Human Services (HHS) for the transfer of the former Marine Armory located in Yakima, Washington, to the Housing Authority. The Marine Armory will be improved to provide supportive services (case management, medical and dental services, and health care coordination) and 41 units of permanent housing for homeless veterans. The new construction and improvement of the existing facility will be funded with HOME funds from the City of Yakima (\$1.1 million), Housing Trust Funds (approximately \$2.0 million) through the Department of Commerce, and LIHTC Equity (approximately \$8.1 million). HHS entered into a three-year lease agreement with YHA in July, 2017 until the financing for the improvements were obtained. The property was transferred to YHA on June 19, 2020 and rehabilitation and construction began on July 6th, 2020. Completion of construction is anticipated by July of 2021.

YHA has been approved for a Multifamily Preservation and Rehabilitation (MPR) application that will rehabilitate its 142 farm labor housing units located throughout Yakima County. The USDA RD MPR program is designed to make projects sustainable over a 20-year period through a combination of debt deferral, loans and grants. Commencement of construction is dependent upon finalization of funding from USDA and is anticipated to occur in October 2020. Contracts are expected to be in place at that time.

NOTE 17 — SUBSEQUENT EVENTS:

Subsequent to the end of the year YHA entered into purchase and sale agreements for the following:

- Real estate for the Milroy Park project that will consist of single family homes, anticipated cost of \$3.11 per square foot, with funding planned from Washington State Housing Finance Commission Land Acquisition Program Loan Funds and internal funds.
- Rainier Vista, a 40-unit housing project for the elderly and disabled located in Zillah. The purchase price of \$3,200,000 is anticipated to be paid for with Washington State Housing Finance Commission Land Acquisition Program Loan Funds, traditional financial institution financing, and internal funds.

Cosecha Court II, Phase 2 construction commenced. The total cost of the project is anticipated to be \$7 million, financed through Housing Trust Funds (\$2,997,000) and traditional financing, and be completed by 2021. YHA currently has entered into \$2.4 million of contracts related to this project.

Pre development plans for the vacant lot adjacent to the administrative office commenced. The initial projects include 50 units of housing (Fruitvale Housing), community space, and administrative space for YHA staff.

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function. The length of time these measures will be in place, and the full extent of the financial impact on the Housing Authority is unknown at this time.

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Housing Authority of the City of Yakima

Notes to Basic Financial Statements

December 31, 2019

NOTE 18 — ADOPTION OF NEW ACCOUNTING STANDARDS:

During the year ended December 31, 2019 and beyond, YHA has and will implement several new Governmental Accounting Standards Board (GASB) pronouncements. These pronouncements are as follows:

GASB No. 83, *Certain Asset Retirement Obligations* - The objective of this statement is to address accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement is effective for fiscal years beginning after June 15, 2018. YHA implemented this standard with no change to current financial reporting.

GASB No. 84, *Fiduciary Activities* - The objective of this statement is to establish criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement is effective for fiscal years beginning after December 15, 2018. YHA implemented this standard with no change to current financial reporting.

GASB No. 87, *Leases* - The objective of this statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement is effective for fiscal years beginning after June 15, 2021. YHA has not yet evaluated the impact from this statement on future financial reporting.

GASB No. 88, *Disclosures Related to Debt* - The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement is effective for fiscal years beginning after June 15, 2019. YHA has not yet evaluated the impact from this statement on future financial reporting.

GASB No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* - The objective of this statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement is effective for fiscal years beginning after December 15, 2020. YHA has not yet evaluated the impact from this statement on future financial reporting.

GASB No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* - The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement is effective for fiscal years beginning after December 15, 2019. YHA has not yet evaluated the impact from this statement on future financial reporting.

GASB No. 91, *Conduit Debt Obligations* - The primary objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in the accounting and reporting of conduit debt obligations. This Statement is effective for fiscal years beginning after December 15, 2021. YHA has not yet evaluated the impact from this statement on future financial reporting.

GASB No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* - This statement extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guide that were first effective for reporting periods beginning after June 15, 2018.

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Housing Authority of the City of Yakima
Combining Schedule of Net Position – Primary Government
December 31, 2019

	YHA Unrestricted	Housing Choice Vouchers	Family Housing	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
Assets							
<i>Current Assets:</i>							
Cash and cash equivalents - unrestricted	\$ 3,905,915	\$ 135,560	\$ 1,040	\$ 353,284	\$ 4,395,799	\$ -	\$ 4,395,799
Accounts receivables, net of allowance	1,521,023	6,004	5,964	70,799	1,603,790	-	1,603,790
Investments - unrestricted	-	-	-	-	-	-	-
Prepaid expenses and other assets	23,887	13,668	1,485	2,119	41,159	-	41,159
Inventories	28,277	-	9,146	-	37,423	-	37,423
Due from other funds	524,298	-	-	-	524,298	(522,184)	2,114
	<u>6,003,400</u>	<u>155,232</u>	<u>17,635</u>	<u>426,202</u>	<u>6,602,469</u>	<u>(522,184)</u>	<u>6,080,285</u>
<i>Restricted Assets:</i>							
Cash and cash equivalents - other restricted	6,259	453,175	310,243	-	769,677	-	769,677
Cash - tenant security deposits	-	-	23,061	35,464	58,525	-	58,525
Investments - restricted	100,286	-	433,341	785,573	1,319,200	-	1,319,200
	<u>106,545</u>	<u>453,175</u>	<u>766,645</u>	<u>821,037</u>	<u>2,147,402</u>	<u>-</u>	<u>2,147,402</u>
Total current assets	<u>6,109,945</u>	<u>608,407</u>	<u>784,280</u>	<u>1,247,239</u>	<u>8,749,871</u>	<u>(522,184)</u>	<u>8,227,687</u>
<i>Noncurrent Assets:</i>							
Investment in Component Units	766,985	-	40	-	767,025	-	767,025
Loan Receivable from Component Units	8,223,120	-	-	-	8,223,120	-	8,223,120
<i>Capital assets:</i>							
Land	799,273	-	787,021	961,692	2,547,986	-	2,547,986
Buildings	295,953	-	9,770,777	16,099,682	26,166,412	-	26,166,412
Building improvements	-	-	-	-	-	-	-
Furniture, equipment and machinery - dwellings	-	35,128	448,007	402,334	885,469	-	885,469
Furniture, equipment and machinery - admin	641,443	-	-	-	641,443	-	641,443
Accumulated depreciation	(580,176)	(29,414)	(3,730,073)	(8,804,395)	(13,144,058)	-	(13,144,058)
Construction in progress	1,449,544	-	-	11,982	1,461,526	-	1,461,526
Total noncurrent assets	<u>11,596,142</u>	<u>5,714</u>	<u>7,275,772</u>	<u>8,671,295</u>	<u>27,548,923</u>	<u>-</u>	<u>27,548,923</u>
Total assets	<u>\$ 17,706,087</u>	<u>\$ 614,121</u>	<u>\$ 8,060,052</u>	<u>\$ 9,918,534</u>	<u>\$ 36,298,794</u>	<u>\$ (522,184)</u>	<u>\$ 35,776,610</u>

Housing Authority of the City of Yakima
Combining Schedule of Net Position – Primary Government
December 31, 2019

	YHA Unrestricted	Housing Choice Vouchers	Family Housing	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
Liabilities and Net Position							
<i>Current Liabilities:</i>							
Accounts payable less than 90 days	\$ 39,239	\$ -	\$ -	\$ (18,444)	\$ 20,795	\$ -	\$ 20,795
Accrued wages and payroll taxes	39,648	16,596	4,282	1,832	62,358	-	62,358
Accrued compensated absences - current	49,927	26,675	6,415	34,166	117,183	-	117,183
Accrued interest payable	487	-	7,723	-	8,210	-	8,210
Accrued liabilities - other	2,964	-	-	-	2,964	-	2,964
Unearned income	-	-	4,491	13,082	17,573	-	17,573
Short-term note payable	1,059,872	-	-	-	1,059,872	-	1,059,872
Current portion of long term debt	2,523	-	85,480	100,245	188,248	-	188,248
Due to other funds	180,182	305,298	21,733	39,091	546,304	(522,184)	24,120
	<u>1,374,842</u>	<u>348,569</u>	<u>130,124</u>	<u>169,972</u>	<u>2,023,507</u>	<u>(522,184)</u>	<u>1,501,323</u>
<i>Payables from Restricted Assets:</i>							
Accounts payable - other government	-	-	-	5,377	5,377	-	5,377
FSS Escrow deposit	-	338,987	-	-	338,987	-	338,987
Tenant security deposits	-	-	23,061	35,464	58,525	-	58,525
	<u>-</u>	<u>338,987</u>	<u>23,061</u>	<u>40,841</u>	<u>402,889</u>	<u>-</u>	<u>402,889</u>
Total current liabilities	<u>1,374,842</u>	<u>687,556</u>	<u>153,185</u>	<u>210,813</u>	<u>2,426,396</u>	<u>(522,184)</u>	<u>1,904,212</u>
<i>Noncurrent Liabilities:</i>							
Long-term debt, net of current	859,425	-	4,724,179	3,248,449	8,832,053	-	8,832,053
Accrued compensated absences, net of current	5,547	2,964	713	-	9,224	-	9,224
Total noncurrent liabilities	<u>864,972</u>	<u>2,964</u>	<u>4,724,892</u>	<u>3,248,449</u>	<u>8,841,277</u>	<u>-</u>	<u>8,841,277</u>
Total liabilities	<u>2,239,814</u>	<u>690,520</u>	<u>4,878,077</u>	<u>3,459,262</u>	<u>11,267,673</u>	<u>(522,184)</u>	<u>10,745,489</u>
<i>Net Position:</i>							
Net investment in capital assets	684,217	5,714	2,466,073	5,322,601	8,478,605	-	8,478,605
<i>Restricted for:</i>							
Housing Assistance Payments - Section 8	-	-	-	-	-	-	-
Grantor requirements	100,286	-	433,341	785,573	1,319,200	-	1,319,200
Required reserves	6,259	114,188	310,243	-	430,690	-	430,690
Unrestricted net position	<u>14,675,511</u>	<u>(196,301)</u>	<u>(27,682)</u>	<u>351,098</u>	<u>14,802,626</u>	<u>-</u>	<u>14,802,626</u>
Total net position	<u>15,466,273</u>	<u>(76,399)</u>	<u>3,181,975</u>	<u>6,459,272</u>	<u>25,031,121</u>	<u>-</u>	<u>25,031,121</u>
Total liabilities and net position	<u>\$ 17,706,087</u>	<u>\$ 614,121</u>	<u>\$ 8,060,052</u>	<u>\$ 9,918,534</u>	<u>\$ 36,298,794</u>	<u>\$ (522,184)</u>	<u>\$ 35,776,610</u>

Housing Authority of the City of Yakima

Combining Schedule of Revenues, Expenses and Changes in Net Position – Primary Government

	YHA Unrestricted	Housing Choice Vouchers	Family Housing	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
<i>Operating Revenue:</i>							
Intergovernmental revenue	\$ -	\$ 5,963,064	\$ -	\$ -	\$ 5,963,064	\$ -	\$ 5,963,064
Net tenant rental revenue	-	-	818,144	904,005	1,722,149	-	1,722,149
Other revenue	1,037,956	284,594	11,448	38,597	1,372,595	(481,601)	890,994
Other tenant revenue	20,949	-	2,810	5,020	28,779	-	28,779
Total operating revenue	<u>1,058,905</u>	<u>6,247,658</u>	<u>832,402</u>	<u>947,622</u>	<u>9,086,587</u>	<u>(481,601)</u>	<u>8,604,986</u>
<i>Operating Expenses:</i>							
Administrative:							
Administrative wages	603,935	280,301	37,405	107,535	1,029,176	-	1,029,176
Professional fees	32,178	9,506	8,239	26,850	76,773	-	76,773
Employee benefit contributions	194,081	97,582	12,697	43,714	348,074	-	348,074
Other operating - administrative	64,646	246,518	101,280	221,880	634,324	(437,749)	196,575
Tenant services	118,001	151,160	-	22,125	291,286	-	291,286
	<u>1,012,841</u>	<u>785,067</u>	<u>159,621</u>	<u>422,104</u>	<u>2,379,633</u>	<u>(437,749)</u>	<u>1,941,884</u>
Utilities:							
Electricity	9,943	-	18,856	35,068	63,867	-	63,867
Other utilities expense	5,760	-	20,309	65,758	91,827	-	91,827
Sewer	889	-	44,287	143,995	189,171	-	189,171
Water	3,723	-	42,692	139,146	185,561	-	185,561
	<u>20,315</u>	<u>-</u>	<u>126,144</u>	<u>383,967</u>	<u>530,426</u>	<u>-</u>	<u>530,426</u>
Ordinary maintenance and operations:							
Contract costs	45,633	104,008	104,373	170,697	424,711	(43,852)	380,859
Employee benefit contributions	26,014	1,775	15,843	64,027	107,659	-	107,659
Maintenance and operations wages	73,273	10,835	63,415	211,083	358,606	-	358,606
Materials and other	1,748	2,879	22,641	66,268	93,536	-	93,536
	<u>146,668</u>	<u>119,497</u>	<u>206,272</u>	<u>512,075</u>	<u>984,512</u>	<u>(43,852)</u>	<u>940,660</u>

Housing Authority of the City of Yakima
Combining Schedule of Revenues, Expenses and Changes
in Net Position – Primary Government

	YHA Unrestricted	Housing Choice Vouchers	Family Housing	Rural Assistance Programs	Subtotal	Eliminating Entries	Total
General expenses:							
Depreciation expense	97,076	4,311	272,587	466,724	840,698	-	840,698
Housing assistance payments	-	5,249,567	-	-	5,249,567	-	5,249,567
Insurance premiums	2,351	3,371	18,043	41,905	65,670	-	65,670
Bad debt - tenant rents	-	-	6,708	30,249	36,957	-	36,957
Other general expenses	-	143,627	(16,500)	1,980	129,107	-	129,107
Protective services contract costs	2,565	-	2,090	1,918	6,573	-	6,573
Payments in lieu of taxes	392	-	1	4,878	5,271	-	5,271
	<u>102,384</u>	<u>5,400,876</u>	<u>282,929</u>	<u>547,654</u>	<u>6,333,843</u>	<u>-</u>	<u>6,333,843</u>
Total operating expenses	<u>1,282,208</u>	<u>6,305,440</u>	<u>774,966</u>	<u>1,865,800</u>	<u>10,228,414</u>	<u>(481,601)</u>	<u>9,746,813</u>
Operating Income (Loss)	<u>\$ (223,303)</u>	<u>\$ (57,782)</u>	<u>\$ 57,436</u>	<u>\$ (918,178)</u>	<u>\$ (1,141,827)</u>	<u>\$ -</u>	<u>\$ (1,141,827)</u>
Nonoperating Revenue (Expenses):							
Gain on the sale of capital assets	-	-	-	-	-	-	-
Interest expense	(10,437)	-	(129,775)	(37,718)	(177,930)	-	(177,930)
Debt issuance costs	-	-	-	-	-	-	-
Intergovernmental revenue	27,867	115,967	-	681,034	824,868	-	824,868
Investment revenue - restricted	-	-	-	151	151	-	151
Investment revenue - unrestricted	677,887	-	824	175	678,886	-	678,886
Total nonoperating revenue (expenses)	<u>695,317</u>	<u>115,967</u>	<u>(128,951)</u>	<u>643,642</u>	<u>1,325,975</u>	<u>-</u>	<u>1,325,975</u>
Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers	<u>472,014</u>	<u>58,185</u>	<u>(71,515)</u>	<u>(274,536)</u>	<u>184,148</u>	<u>-</u>	<u>184,148</u>
Operating transfer	-	-	(1,281,467)	1,281,467	-	-	-
Partnership net income	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Increase (Decrease) in Net Position	<u>472,014</u>	<u>58,185</u>	<u>(1,352,982)</u>	<u>1,006,931</u>	<u>184,148</u>	<u>-</u>	<u>184,148</u>
Net Position, Beginning of Year	<u>14,994,259</u>	<u>(134,584)</u>	<u>4,534,957</u>	<u>5,452,341</u>	<u>24,846,973</u>	<u>-</u>	<u>24,846,973</u>
Net Position, End of Year	<u>\$ 15,466,273</u>	<u>\$ (76,399)</u>	<u>\$ 3,181,975</u>	<u>\$ 6,459,272</u>	<u>\$ 25,031,121</u>	<u>\$ -</u>	<u>\$ 25,031,121</u>

Housing Authority of the City of Yakima

Notes to Combining Financial Schedules

December 31, 2019

YHA Unrestricted – Used to account for the general administration and operations of the Housing Authority of the City of Yakima, as well as unrestricted receipts unrelated to other funds.

Housing Choice Vouchers – Used to account for Housing Assistance Payments made to landlords on behalf of eligible low-income clients, Veterans Affairs Supportive Housing (VASH), and Non-Elderly Disabled Housing (NED). VASH payments are made on behalf of Veterans that have been previously approved with supportive services. NED payments are made on behalf of individuals who are under the age of 62, and disabled, that have been previously approved with supportive services.

Family Housing – Used to account for the administration, operating, maintenance, improvement and construction of an apartment complex for YHA's multi-family housing.

Elderly Disabled Housing– Used to account for the administration, operating, maintenance, improvement and construction of an apartment complex for the elderly and disabled.

Rural Assistance Programs – Used to account for administration, operation, maintenance, improvement and construction of Rural Housing units with USDA RD.

Housing Authority of the City of Yakima

Statistical Section:

Financial Trends

Revenue Capacity

Debt Capacity

Demographic and Economic Information

Operating Information



Housing Authority of the City of Yakima

Statistical Section (Unaudited)

This part of YHA's CAFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the YHA's overall financial health. The following tables present the prior ten fiscal years, which includes one nine month period, December 31, 2013, due to a change in year-end.

Contents	Tables
Financial Trends <i>These schedules contain trend information to help the reader understand how YHA's Financial performance and well-being have changed over the past 10 years.</i>	1 - 2
Revenue Capacity <i>These schedules contain trend information to help the reader assess YHA's most significant revenue sources.</i>	3 - 4
Debt Capacity <i>These schedules contain trend information to help the reader assess the affordability of YHA's current levels of outstanding debt and ability to issue additional debt in the future.</i>	5 - 6
Demographic and Economic Information <i>These schedules contain trend information of the demographic and economic indicators to help the reader understand the environment within which YHA's financial activities take place.</i>	7 - 10
Operating Information <i>These schedules contain data to help the reader understand how the information in YHA's financial report relates to the services YHA provides and the activities it performs.</i>	11 - 13

Housing Authority of the City of Yakima
Net Position – Last Ten Fiscal Years
(Unaudited)

Table 1

Fiscal Year	Net Investment in Capital Assets	Restricted Net Position	Unrestricted Net Position	Total
3/31/2011	11,594,426	1,903,860	419,791	13,918,077
3/31/2012	11,168,637	1,286,417	324,921	12,779,975
3/31/2013	13,331,020	1,462,202	184,281	14,977,503
12/31/2013	14,778,559	1,424,515	993,267	17,196,341
12/31/2014	12,467,861	1,904,635	2,348,573	17,196,341
12/31/2015	6,461,102	1,764,624	9,676,852	17,902,578
12/31/2016	5,966,020	1,295,618	14,602,032	21,863,670
12/31/2017	6,669,537	1,565,793	14,067,959	22,303,289
12/31/2018	9,015,253	1,476,781	14,354,939	24,846,973
12/31/2019	8,478,605	1,749,890	14,802,626	25,031,121

Source: Previous years' audits and current year financial statements

Housing Authority of the City of Yakima
Changes in Net Position – Last Ten Fiscal Years
(Unaudited)

	March 31, 2011	March 31, 2012	March 31, 2013	December 31, 2013
<i>Operating Revenue:</i>				
Intergovernmental revenues	\$ 3,497,573	\$ 3,185,813	\$ 3,815,409	\$ 2,584,579
Net tenant revenue	1,538,154	1,565,334	1,438,835	1,092,641
Other revenues	131,106	87,956	227,054	321,960
	<u>5,166,833</u>	<u>4,839,103</u>	<u>5,481,298</u>	<u>3,999,180</u>
<i>Operating Expenses:</i>				
Administrative	1,249,031	1,146,621	1,125,627	962,910
Utilities	401,144	422,142	489,594	362,941
Ordinary maintenance and operating	1,155,248	1,257,626	996,766	651,002
General expenses	136,560	119,752	151,951	161,977
Depreciation	920,762	952,333	965,006	732,592
Housing assistance payments	2,592,785	3,141,614	3,173,252	2,301,902
	<u>6,455,530</u>	<u>7,040,088</u>	<u>6,902,196</u>	<u>5,173,324</u>
<i>Operating Loss</i>	<u>(1,288,697)</u>	<u>(2,200,985)</u>	<u>(1,420,898)</u>	<u>(1,174,144)</u>
<i>Nonoperating Revenue (Expenses):</i>				
Intergovernmental	1,035,714	1,059,030	815,325	695,678
Investment revenue	3,322	2,893	10,838	8,651
Interest expense	(163,405)	(103,057)	(143,456)	(128,620)
Debt issuance costs	-	-	-	-
Gain (loss) on disposition of assets	81,375	-	(2,461.0)	1,029,116
	<u>957,006</u>	<u>958,866</u>	<u>680,246</u>	<u>1,604,825</u>
<i>Income (Loss) before Capital Contributions</i>	<u>(331,691)</u>	<u>(1,242,119)</u>	<u>(740,652)</u>	<u>430,681</u>
Pass-through funds	-	-	-	(171,327)
Partnership net income				
Capital grants	247,100	104,017	2,938,180	909,481
Change in net position	(84,591)	(1,138,102)	2,197,528	1,168,835
<i>Net Position, Beginning of Year</i>	<u>14,003,177</u>	<u>13,918,586</u>	<u>12,780,484</u>	<u>14,978,012</u>
Capital contributions	-	-	-	1,050,000
Prior Period Adjustments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Position, End of Year</i>	<u>\$ 13,918,586</u>	<u>\$ 12,780,484</u>	<u>\$ 14,978,012</u>	<u>\$ 17,196,847</u>

Note: The December 31, 2013 column is for a nine-month period, the remaining columns are for a 12-month period.

Source: Previous years' audits and current year financial statements

Table 2

December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
\$ 3,812,160	\$ 4,465,763	\$ 5,108,871	\$ 5,236,400	\$ 5,853,773	\$ 5,963,064
1,347,657	1,555,931	1,544,233	1,461,204	1,637,226	1,722,149
1,040,913	638,583	1,969,497	701,576	732,753	919,773
6,200,730	6,660,277	8,622,601	7,399,180	8,223,752	8,604,986
880,236	1,303,055	1,423,049	1,456,614	1,654,048	1,941,884
494,291	492,280	525,481	539,788	483,310	530,426
868,013	806,893	792,754	901,460	804,225	940,660
199,852	118,336	157,717	120,549	187,698	243,578
944,793	949,616	819,063	938,984	962,676	840,698
3,631,338	3,983,015	4,375,261	4,568,069	5,195,877	5,249,567
7,018,523	7,653,195	8,093,325	8,525,464	9,287,834	9,746,813
(817,793)	(992,918)	529,276	(1,126,284)	(1,064,082)	(1,141,827)
920,683	919,704	739,836	770,556	711,689	824,868
1,107	357,882	451,374	432,859	413,518	679,037
(582,944)	(240,573)	(211,319)	(137,205)	(163,153)	(177,930)
(109,126)	(310,750)	(5,096)	-	-	-
310,480	-	1,529,195	3,317	350	-
540,200	726,263	2,503,990	1,069,527	962,404	1,325,975
(277,593)	(266,655)	3,033,266	(56,757)	(101,678)	184,148
-	-	-	-	-	-
-	(41,782)	(76)	-	-	-
1,065,000	654,570	927,902	495,867	2,645,362	-
787,407	346,133	3,961,092	439,110	2,543,684	184,148
17,196,847	17,984,254	17,903,088	21,864,180	22,303,290	24,846,974
-	(427,299)	-	-	-	-
-	-	-	-	-	-
\$ 17,984,254	\$ 17,903,088	\$ 21,864,180	\$ 22,303,290	\$ 24,846,974	\$ 25,031,122

Continued

Housing Authority of the City of Yakima
Operating Revenues by Source – Last Ten Fiscal Years
(Unaudited)

Table 3

Fiscal Year	Net Tenant Rental		Intergovernmental		Other		Total	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
3/31/11	\$ 1,538,154	29.77%	\$ 3,497,573	67.69%	\$ 131,106	2.54%	\$ 5,166,833	100.00%
3/31/12	1,565,334	32.35%	3,185,813	65.83%	87,956	1.82%	4,839,103	100.00%
3/31/13	1,438,835	26.25%	3,815,409	69.61%	227,054	4.14%	5,481,298	100.00%
12/31/13	1,092,641	27.32%	2,584,579	64.63%	321,960	8.05%	3,999,180	100.00%
12/31/14	1,347,657	21.73%	3,812,160	61.48%	1,040,913	16.79%	6,200,730	100.00%
12/31/15	1,555,931	23.36%	4,465,763	67.05%	638,583	9.59%	6,660,277	100.00%
12/31/16	1,544,233	17.91%	5,108,871	59.25%	1,969,497	22.84%	8,622,601	100.00%
12/31/17	1,461,204	19.75%	5,236,400	70.77%	701,576	9.48%	7,399,180	100.00%
12/31/18	1,637,226	19.91%	5,853,773	71.18%	732,753	8.91%	8,223,752	100.00%
12/31/19	1,722,149	20.01%	5,963,064	69.30%	919,773	10.69%	8,604,986	100.00%

Note: The December 31, 2013 data is for a nine-month period, the remaining are for a 12-month period.

Source: Previous years' audits and current year financial statements

Housing Authority of the City of Yakima
Non-Operating Revenues by Source – Last Ten Fiscal Years
(Unaudited)

Table 4

Fiscal Year	Intergovernmental		Investment		Gain (Loss) on Assets		Total	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
3/31/11	\$ 1,035,714	92.44%	\$ 3,322	0.30%	\$ 81,375	7.26%	\$ 1,120,411	100.00%
3/31/12	1,059,030	99.73%	2,893	0.27%	-	0.00%	1,061,923	100.00%
3/31/13	815,325	98.98%	10,838	1.32%	(2,461)	-0.30%	823,702	100.00%
12/31/13	695,678	40.13%	8,651	0.50%	1,029,116	59.37%	1,733,445	100.00%
12/31/14	920,683	74.71%	1,107	0.09%	310,480	25.20%	1,232,270	100.00%
12/31/15	919,704	71.99%	357,882	28.01%	-	0.00%	1,277,586	100.00%
12/31/16	739,836	27.20%	451,374	16.59%	1,529,195	56.21%	2,720,405	100.00%
12/31/17	770,556	63.85%	432,859	35.87%	3,317	0.28%	1,206,732	100.00%
12/31/18	711,689	63.23%	413,518	36.74%	350	0.03%	1,125,557	100.00%
12/31/19	824,868	54.85%	679,037	45.15%	-	0.00%	1,503,905	100.00%

Note: The December 31, 2013 data is for a nine-month period, the remaining are for a 12-month period.

Source: Previous years' audits and current year financial statements

Housing Authority of the City of Yakima
Debt Service Coverage – Last Ten Fiscal Years
(Unaudited)

	March 31, 2011	March 31, 2012	March 31, 2013	December 31, 2013	December 31, 2014
Revenue (excluding HAP subsidy)	\$ 3,565,321	\$ 3,342,310	\$ 2,949,559	\$ 3,981,124	\$ 5,694,917
Expenses (excluding depreciation, HAP)	3,215,258	3,195,606	2,763,939	2,052,471	3,212,057
Revenue available for debt service	<u>\$ 350,063</u>	<u>\$ 146,704</u>	<u>\$ 185,620</u>	<u>\$ 1,928,653</u>	<u>\$ 2,482,860</u>
Debt Service Requirements:					
Principal	\$ 147,938	\$ 157,683	\$ 174,577	\$ 180,030	\$ 145,248
Interest	154,506	152,760	146,900	146,900	212,336
Total	<u>\$ 302,444</u>	<u>\$ 310,443</u>	<u>\$ 321,477</u>	<u>\$ 326,930</u>	<u>\$ 357,584</u>
Debt service coverage	1.16	0.47	0.58	5.90	6.94

Note: The December 31, 2013 column is for a nine-month period, the remaining columns are for a 12-month period.

Source: Previous years' audits and current year financial statements

Table 5

December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
<u>\$ 4,897,868</u>	<u>\$ 6,670,985</u>	<u>\$ 3,909,219</u>	<u>\$ 3,977,389</u>	<u>\$ 4,627,428</u>
<u>3,126,261</u>	<u>2,899,001</u>	<u>3,018,411</u>	<u>3,129,281</u>	<u>3,656,548</u>
<u><u>\$ 1,771,607</u></u>	<u><u>\$ 3,771,984</u></u>	<u><u>\$ 890,808</u></u>	<u><u>\$ 848,108</u></u>	<u><u>\$ 970,880</u></u>
<u>\$ 249,160</u>	<u>\$ 182,162</u>	<u>\$ 212,600</u>	<u>\$ 230,200</u>	<u>\$ 188,248</u>
<u>241,000</u>	<u>142,970</u>	<u>169,400</u>	<u>158,700</u>	<u>171,500</u>
<u><u>\$ 490,160</u></u>	<u><u>\$ 325,132</u></u>	<u><u>\$ 382,000</u></u>	<u><u>\$ 388,900</u></u>	<u><u>\$ 359,748</u></u>
3.61	11.60	2.33	2.18	2.70

Continued

Housing Authority of the City of Yakima
Ratio of Debt to Capital Assets – Last Ten Fiscal Years
(Unaudited)

Table 6

Fiscal Year	Notes Payable	Bonds Payable	Total Debt	Capital Assets	Ratio of Total Debt to Capital Assets
3/31/11	4,265,306	2,020,000	6,285,306	32,709,767	20.44%
3/31/12	4,184,368	1,950,000	6,134,368	33,235,654	19.73%
3/31/13	4,301,675	1,875,000	6,176,675	36,233,259	18.46%
12/31/13	4,236,944	1,795,000	6,031,944	29,409,779	20.51%
12/31/14	4,597,430	3,554,062	8,151,492	23,605,663	34.53%
12/31/15	5,644,301	2,022,272	7,666,573	27,841,171	18.95%
12/31/16	6,113,889	1,988,754	7,666,573	24,909,095	30.78%
12/31/17	6,426,833	1,955,504	8,102,643	26,578,300	30.49%
12/31/18	7,075,887	1,917,161	8,993,048	30,664,198	29.33%
12/31/19	7,141,351	1,878,950	9,020,301	31,702,836	28.45%

Source: Previous years' audits and current year financial statements

Note: Total debt amount includes short-term portion due within one year

Housing Authority of the City of Yakima
Service Area Demographics / Statistics – Last Ten Fiscal Years
(Unaudited)

Table 7

<u>Year</u>	<u>Yakima County Population</u>	<u>Residents of YHA</u>	<u>Yakima Unemployment Rate</u>
3/31/11	244,700	2,266	10.8%
3/31/12	246,000	2,833	10.6%
3/31/13	247,250	2,725	10.1%
12/31/13	247,044	2,581	8.8%
12/31/14	247,944	2,681	8.8%
12/31/15	245,452	3,003	8.3%
12/31/16	249,502	2,855	7.7%
12/31/17	251,398	2,893	7.0%
12/31/18	250,193	2,870	6.6%
12/31/19	250,873	2,943	7.1%

Note: This table includes all YHA housing programs.

Sources: State of Washington – Office of Financial Management Workforce Explorer Washington and previous years' audits, current year financial statements, and YHA tenant records.

Housing Authority of the City of Yakima

Principal Employers for the County of Yakima – Current year and nine years ago

(Unaudited)

Table 8

	2019		
	Employees	Rank	Percentage of Total County Employment
Virginia Mason Memorial Hospital	2,500	1	1.77%
Walmart - Yakima/Sunnyside/Grandview	1,700	2	1.20%
Yakima School District 7	1,594	3	1.13%
Zirkle Fruit	1,500	4	1.06%
Washington Fruit & Produce	1,500	5	1.06%
Yakama Nation Government Operations	1,289	6	0.91%
Borton Fruit	1,212	7	0.86%
Astria Health	1,200	8	0.85%
Yakama Nation Enterprises	1,170	9	0.83%
Monson Fruit	1,023	10	0.72%

	2010		
	Employees	Rank	Percentage of Total County Employment
Yakima Valley Memorial Hospital	2,200	1	1.99%
Yakima School District, No. 7	1,731	2	1.57%
Walmart	1,700	3	1.54%
Yakima County	1,224	4	1.11%
Yakima Valley Farm Workers Clinic	1,181	5	1.07%
Yakima Regional Medical Center	942	6	0.85%
Washington Beef	850	7	0.77%
City of Yakima	753	8	0.68%
Sunnyside School District	670	9	0.61%
Yakama Nation Legends Casino	634	10	0.57%

Source: Yakima Chamber of Commerce

Housing Authority of the City of Yakima
Resident Demographics / Population Statistics – Last Ten Fiscal Years
(Unaudited)

Table 9

Public Housing and Non-HUD Housing Programs				
Fiscal Year	Number of minors (ages 0-18)	Number of adults (ages 19-61)	Number of elderly (ages 62+)	Total number of residents
3/31/11	592	398	57	1,047
3/31/12	705	510	80	1,295
3/31/13	674	509	84	1,267
12/31/13	588	455	88	1,131
12/31/14	357	327	69	753
12/31/15	669	585	143	1,397
12/31/16	445	339	35	819
12/31/17	433	315	38	786
12/31/18	805	575	150	1,530
12/31/19	804	585	159	1,548
Housing Choice Voucher Program				
Fiscal Year	Number of minors (ages 0-18)	Number of adults (ages 19-61)	Number of elderly (ages 62+)	Total number of residents
3/31/11	598	498	123	1,219
3/31/12	705	670	163	1,538
3/31/13	663	624	171	1,458
12/31/13	655	616	179	1,450
12/31/14	597	604	173	1,374
12/31/15	949	462	195	1,606
12/31/16	539	577	196	1,312
12/31/17	574	607	210	1,391
12/31/18	546	595	215	1,356
12/31/19	578	605	212	1,395

Source: Housing Authority of the City of Yakima's tenant records

Housing Authority of the City of Yakima

Resident Demographics / Ethnicity Statistics – Last Ten Fiscal Years

(Unaudited)

Table 10

Public Housing and Non-HUD Housing Programs

Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
3/31/11	137	864	11	28	7	1,047
3/31/12	246	971	13	39	26	1,295
3/31/13	193	1,005	21	33	15	1,267
12/31/13	135	926	18	35	17	1,131
12/31/14	100	624	19	6	4	753
12/31/15	104	1,248	19	26	0	1,397
12/31/16	82	688	20	28	1	819
12/31/17	72	680	14	19	1	786
12/31/18	171	1,250	30	72	7	1,530
12/31/19	165	1,299	23	54	7	1,548

Housing Choice Voucher Program

Fiscal Year	Caucasian	Latino	African American	Native American	Other	Total
3/31/11	553	512	101	44	9	1,219
3/31/12	969	338	139	77	15	1,538
3/31/13	778	477	109	62	32	1,458
12/31/13	739	488	132	77	14	1,450
12/31/14	628	577	97	56	16	1,374
12/31/15	929	546	61	56	14	1,606
12/31/16	716	429	89	56	22	1,312
12/31/17	763	448	89	69	22	1,391
12/31/18	740	426	86	78	26	1,356
12/31/19	722	463	93	82	35	1,395

Source: Housing Authority of the City of Yakima's tenant records

Housing Authority of the City of Yakima
Number of YHA Dwelling Units – Last Ten Fiscal Years
(Unaudited)

Table 11

Fiscal Year	Public Housing	Farm Labor Units	Housing Choice Vouchers	VASH	NED	Cosecha Court *	Nueva Primavera **	Mariposa Park LP	Harmony Park	Glenn Acres	Naches House	YHA Family Housing **	Toppenish Family Housing **	Total
3/31/11	150	147	618	60	15	-	39	26	-	38	-	-	-	1,093
3/31/12	150	147	635	60	15	-	39	26	-	38	-	-	-	1,110
3/31/13	150	147	635	70	15	-	39	26	-	38	-	-	-	1,120
12/31/13	-	146	660	70	15	10	39	26	-	38	-	150	-	1,154
12/31/14	-	142	810	70	15	10	38	26	-	38	51	150	-	1,350
12/31/15	-	142	818	70	15	10	38	26	24	38	51	150	-	1,382
12/31/16	-	142	919	78	15	10	38	26	24	38	51	150	30	1,521
12/31/17	-	142	919	78	15	10	38	26	24	38	51	150	30	1,521
12/31/18	-	142	934	78	15	22	38	26	24	38	51	150	30	1,548
12/31/19	-	142	934	83	15	22	38	26	24	38	51	150	30	1,553

* Seasonal Farmworker Housing - 22 units, includes phase 1 and 2.

** Including HCV's that are project based.

Source: YHA financial statements and audits

Housing Authority of the City of Yakima
Property Characteristics and Unit Composition
(Unaudited)

Table 12

Name of Development	Address	Number of Units	Year built or acquired
Valley Seven (Farm Labor Units):			
Harvest Plaza	301-309 S 1st St	10	1980
	208-212 S 2nd St	6	1980
Horizon Apartments	712 Washington Ave	9	1982
	501 & 502 E 1st Ave	12	1982
	115 & 117 S 'G' St	2	1982
Linda Vista	1106 Washington Ave	4	1993
	810 Monroe Ave	2	1993
	822 Rentschler Ave	3	1993
	701-709 Guyette	12	1993
	708 Rentschler Ave	4	1993
	712 Rentschler Ave	3	1993
	308 W 3rd	2	1993
Valley West	16901-16907 Summitview	4	1992
	16941-16947 Summitview	4	1992
	1002-1006 Naches Ave	3	1992
	400/402 Newland Pl	2	1992
	815/817 Franklin	2	1992
	1215/1217 Tieton Ave	2	1992
	261/263 S Tieton Rd	2	1992
	19861-19867 Summitview	4	1992
Pioneer Plaza	408-412 E Spruce St	3	1983
	902-906 E Beech St	3	1983
	115-1121 Pleasant Ave	4	1983
	1314-1316 S 12th Ave	2	1983
	1408-1414 Willow St	4	1983
	507/509 N 6th Ave	2	1983
	510/512 Cherry Ave	2	1983
Sage Court	614 Washington	7	1986
	110 S Beech St	3	1986
Sunset Terrace	417/419/503/505 N 6th Ave	4	1986
	1004-1010 Buwalda	4	1986
	202 N 9th St	2	1986
	1707 Pleasant Ave	2	1986
	1611-1617 S 1st St	4	1986
	603/605 S 4th St	2	1986
	1112/1114 S 18th Ave	2	1986
	Total Valley Seven (Farm Labor Units)	142	

Housing Authority of the City of Yakima

Property Characteristics and Unit Composition – Last Ten Fiscal Years (continued)

(Unaudited)

Table 12

Total Valley Seven (Farm Labor Units) (brought forward)			<u>142</u>
YHA Family Housing, LLC:			
Fair Avenue Apartments	110 S Fair Ave	14	1979
Pacific Apartments	504/508 Pacific	15	1979
Evergreen Apartments	1322 S 18th Ave	6	1979
Cascade Apartments	615 N 15th Ave	15	1979
Eastwood Apartments	610 E Arlington St	10	1979
Spruce Lane Apartments	914 E Spruce St	20	1980
Edgewood Apartments	621 N 16th Ave	10	1980
Willow Lane Apartments	1214 Willow St	10	1980
Sierra Apartments	603 Central Ave	14	1980
Parkview Apartments	801 Central Ave	10	1980
9th Street Apartments	1212 S 9th St	4	1982
Yakima Terrace	1307/1309/1311 A & B S 18th Ave	6	1987
Nueva Primavera	810 N 6th Ave	<u>16</u>	1999
Total YHA Family Housing Units		<u>150</u>	
Other housing developments:			
Harmony Park	711 Rentschler Lane	24	1988
Nueva Primavera	1118 Fruitvale Ave & 810 N 6th Ave	38	1999
Mariposa Apartments	314 Cherry Ave/918 & 919 Fenton	26	1999
Glenn Acres	15 N 37th Ave	38	1999
Cosecha Court (76 beds)	416 5th Street	10	2013
Cosecha Court 2	399 Cherry Hill Road	12	2018
Naches House	314 N Naches Ave	51	2014
Toppenish Family Housing		<u>30</u>	2016
Total other housing developments:		<u>229</u>	
Total Units		<u><u>521</u></u>	

Source: YHA's development & deed files

Housing Authority of the City of Yakima
Number of YHA Staff – Last Ten Fiscal Years
(Unaudited)

Table 13

Fiscal Year	Administration	Finance	Housing Choice Vouchers	Asset Management	Development	Total
3/31/11	2	5	5	18	-	30
3/31/12	2	5	4	16	-	27
3/31/13	2	4	5	13	-	24
12/31/13	2	4	6	12	-	24
12/31/14	2	4	6	14	-	26
12/31/15	2	4	6	20	-	32
12/31/16	3	5	6	17	-	31
12/31/17	3	5	8	17	1	34
12/31/18	3	5	8	18	3	37
12/31/19	3	4	9	22	3	41

Source: YHA's operating budget documents for the related fiscal year

Housing Authority of the City of Yakima

Single Audit Section:

Independent Auditors' Reports

Schedule of Expenditures of Federal Awards

Schedule of Findings and Questioned Costs

Corrective Action Plan

Summary Schedule of Prior Audit Findings





Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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
Housing Authority of the City of Yakima
Yakima, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Yakima (the Authority) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 31, 2020. Our report includes a reference to other auditors who audited the financial statements of the Yakima Affordable Housing LLLP, Toppenish Family Housing LLC and YHA Family Housing LLC as described in our report on the Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of noncompliance associated with the aggregate discretely presented component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material

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 - (CONTINUED)

misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

However, we noted a matter involving the internal control over compliance, which we have reported to management in a separate letter dated August 31, 2020.

Purpose of this Report

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

Loveridge Hunt + Co., PLLC

Bellevue, Washington
August 31, 2020



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Housing Authority of the City of Yakima
Yakima, Washington

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Yakima's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2019. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

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

Report on Internal Control Over Compliance

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

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

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

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

Loveridge Hunt & Co., PLLC

Bellevue, Washington
August 31, 2020

Housing Authority of the City of Yakima
Schedule of Expenditures of Federal Awards
December 31, 2019

	CFDA Number	Contract Number	Other Identification Number	Federal Expenditures
<i>U.S. Department of Housing and Urban Development:</i>				
Family Self Sufficiency Program	14.896			\$ 115,967
<i>Housing Voucher Cluster</i>				
Section 8 Housing Choice Vouchers	14.871	S0083V	WA042VO	5,963,064
Total Housing Voucher Cluster				<u>5,963,064</u>
<i>Total U.S. Department of Housing and Urban Development</i>				<u>6,079,031</u>
<i>U.S. Department of Agriculture:</i>				
Farm Labor Housing Loan	10.405	Cosecha Court		174,778
Farm Labor Housing Loan	10.405	Valley Seven		<u>299,036</u>
Total 10.405				473,814
Rural Rental Housing Loan	10.415	Harmony Park		681,736
<i>Passed through Office of Rural and Farmworker Housing:</i>				
515 multi-Family Housing Preservation Revolving Loan Fund Demonstration Project	10.415	Valley Seven	V-7 Preservation	<u>217,847</u>
Total 10.415				899,583
Farm Labor Housing Rental Assistance	10.427	Cosecha Court		113,400
Rural Rental Assistance Program	10.427	Valley Seven		490,443
Rural Rental Assistance Program	10.427	Harmony Park		<u>77,191</u>
Total 10.427				681,034
Rural Development Multi-Family Housing Revitalization Demonstration Program (MPR) - loan	10.447	Valley Seven		<u>1,445,669</u>
Total 10.447				1,445,669
<i>Total U.S. Department of Agriculture</i>				<u>3,500,100</u>
Total Federal Expenditures				<u><u>\$ 9,579,131</u></u>

Housing Authority of the City of Yakima

Notes to Schedule of Expenditures of Federal Awards

December 31, 2019

General – The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of City of Yakima (YHA). YHA's reporting entity is defined in note 1 to the basic financial statements.

YHA's basic financial statements include the operations of Yakima Affordable Housing, LLLP, discretely presented component units, which received \$567,634 in federal awards which are not included in YHA's schedule of expenditures of federal awards for the year ended December 31, 2019.

Basis of Accounting – The schedule of expenditures of federal awards is prepared on the accrual basis of accounting. Revenues are recognized when program costs have been incurred or when revenues have otherwise been earned.

Indirect cost rate – YHA has elected not to use the de-minimis indirect cost rate.

Farm Labor Housing Loan – The expenditures shown consist of loan funds received and expended in the Cosecha Court development. The total balance of the loan outstanding at December 31, 2019 was \$169,019.

Rural Rental Housing – The expenditures shown consist of loan funds received and expended in the Harmony Park development. The total balance of the loan outstanding at December 31, 2019 was \$675,375.

Rural Rental Housing – The expenditures shown consist of loan funds received and expended in the Valley Seven development. The total balance of the loan outstanding at December 31, 2019 was \$286,391.

Multi-Family Housing Preservation Revolving Loan Fund Demonstration Program – The expenditures shown consist of loan funds received and expended in the Valley Seven development. The total balance of the loan outstanding at December 31, 2019 was \$1,415,812.

Multi-Family Housing Preservation Revolving Loan Fund Demonstration Program – The expenditures shown consist of loan funds received as a pass through from the Office of Rural and Farmworker Housing and expended in the Valley Seven development. The total balance of the loan outstanding at December 31, 2019 was \$207,914.

Subrecipients - Yakima Housing Authority does not have any subrecipients.

Housing Authority of the City of Yakima
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that
are not considered to be material weaknesses _____ Yes X No

Noncompliance material to financial statements
noted: _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that
are not considered to be material weaknesses _____ Yes X No

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

Any audit findings disclosed that are required
to be reported in accordance with the
Uniform Guidance? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.447	Rural Development Multi-Family Housing Revitalization Demonstration Program (MPR)
14.871	Section 8 Housing Choice Vouchers (Housing Voucher Cluster)

Housing Authority of the City of Yakima

Schedule of Findings and Questioned Costs - (Continued)

For the Year Ended December 31, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS - (Continued)

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee:

_____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings and questioned costs were noted.

Housing Authority of the City of Yakima
Corrective Action Plan
December 31, 2019

There are no findings for the year ended December 31, 2019, as a result, no corrective action plan is required.

Housing Authority of the City of Yakima
Summary Schedule of Prior Audit Findings
December 31, 2019

There were no 2018 findings, and no unresolved audit findings from prior years.

Housing Authority of the City of Yakima

HUD Required Schedules:

Financial Data Schedules



Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Discrete Component Units	10.427 Rural Assistance Programs	2 State/ Local
111	Cash - unrestricted	\$ 118,949	\$ 298,942	\$ 353,284	\$ 1,040
112	Cash- restricted - modernization and development	-	-	-	-
113	Cash - other restricted	453,175	-	-	310,243
114	Cash - tenant security deposits	-	70,866	35,464	23,061
115	Cash - restricted for payment of current liabilities	-	-	-	-
100	Total cash	572,124	369,808	388,748	334,344
121	Accounts receivable - PHA projects	-	-	-	-
122	Accounts receivable - HUD other projects	-	36,732	-	3,418
124	Accounts receivable - other government	5,507	-	-	-
125	Accounts receivable - miscellaneous	-	45,727	31,050	-
126	Accounts receivable - tenant	497	58,877	55,033	10,175
126.1	Allowance for doubtful accounts - tenants	-	(38,203)	(28,973)	(7,629)
126.2	Allowance for doubtful accounts - other	-	-	-	-
127	Notes, loans and mortgages receivable - current	-	-	-	-
128	Fraud recovery	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-
129	Accrued interest receivable	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	6,004	103,133	57,110	5,964
131	Investments - unrestricted	-	-	-	-
132	Investments - restricted	-	2,042,714	570,443	433,341
135	Investments - restricted for payment of current liability	-	-	-	-
142	Prepaid expenses and other assets	13,668	36,354	1,945	1,485
143	Inventories	-	-	-	9,146
143.1	Allowance for obsolete inventories	-	-	-	-
144	Inter program due from	-	24,120	-	-
145	Assets held for sale	-	-	-	-
150	Total current assets	591,796	2,576,129	1,018,246	784,280
161	Land	-	1,688,758	749,667	787,021
162	Buildings	-	33,720,972	13,280,335	9,770,777
163	Furniture, equipment & machinery - dwellings	35,128	376,393	152,965	448,007
164	Furniture, equipment & machinery - administration	-	-	-	-
165	Leasehold improvements	-	-	-	-
166	Accumulated depreciation	(29,414)	(5,257,765)	(8,155,398)	(3,730,073)
167	Construction in progress	-	-	-	-
160	Total capital assets, net of accumulated depreciation	5,714	30,528,358	6,027,569	7,275,732
171	Notes, loans and mortgages receivable - non-current	-	-	-	-
174	Other assets	-	-	-	-
176	Investments in joint ventures	-	-	-	40
180	Total non-current assets	5,714	30,528,358	6,027,569	7,275,772
190	Total assets	597,510	33,104,487	7,045,815	8,060,052
200	Deferred outflows of resources	-	-	-	-
190	Total assets and deferred outflows of resources	\$ 597,510	\$ 33,104,487	\$ 7,045,815	\$ 8,060,052

December 31, 2019

14.896 Family Self Sufficiency	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	COCC	Subtotal	Eliminating Entries	Total
\$ 16,611	\$ -	\$ 3,876,280	\$ 29,635	\$ 4,694,741	\$ -	\$ 4,694,741
-	-	-	-	-	-	-
-	-	240	6,019	769,677	-	769,677
-	-	-	-	129,391	-	129,391
-	-	-	-	-	-	-
16,611	-	3,876,520	35,654	5,593,809	-	5,593,809
-	-	-	-	-	-	-
-	-	-	-	40,150	-	40,150
-	-	-	-	5,507	-	5,507
-	8,826	-	-	85,603	-	85,603
-	4,863	-	-	129,445	-	129,445
-	-	-	-	(74,805)	-	(74,805)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,521,023	-	1,521,023	(1,521,023)	-
-	13,689	1,521,023	-	1,706,923	(1,521,023)	185,900
-	-	-	-	-	-	-
-	215,130	100,286	-	3,361,914	-	3,361,914
-	-	-	-	-	-	-
-	174	23,859	28	77,513	-	77,513
-	-	31,355	-	40,501	-	40,501
-	-	(3,078)	-	(3,078)	-	(3,078)
-	-	184,179	340,119	548,418	(548,418)	-
-	-	-	-	-	-	-
16,611	228,993	5,734,144	375,801	11,326,000	(2,069,441)	9,256,559
-	212,025	799,273	-	4,236,744	-	4,236,744
-	2,819,347	295,953	-	59,887,384	-	59,887,384
-	249,369	-	-	1,261,862	-	1,261,862
-	-	641,443	-	641,443	-	641,443
-	-	-	-	-	-	-
-	(648,997)	(580,176)	-	(18,401,823)	-	(18,401,823)
-	11,982	1,449,544	-	1,461,526	-	1,461,526
-	2,643,726	2,606,037	-	49,087,136	-	49,087,136
-	-	8,223,120	-	8,223,120	(8,223,120)	-
-	-	-	-	-	-	-
-	-	766,985	-	767,025	(767,025)	-
-	2,643,726	11,596,142	-	58,077,281	(8,990,145)	49,087,136
16,611	2,872,719	17,330,286	375,801	69,403,281	(11,059,586)	58,343,695
-	-	-	-	-	-	-
\$ 16,611	\$ 2,872,719	\$ 17,330,286	\$ 375,801	\$ 69,403,281	\$ (11,059,586)	\$ 58,343,695

Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Discrete Component Units	10.427 Rural Assistance Programs	2 State/ Local
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -
312	Accounts payable less than 90 days	-	62,677	(18,444)	-
313	Accounts payable greater than 90 days	-	-	-	-
321	Accrued wages / payroll taxes payable	11,924	28,772	-	4,282
322	Accrued compensated absences - current portion	15,930	16,404	31,097	6,415
324	Accrued contingency liability	-	-	-	-
325	Accrued interest payable	-	1,622,800	-	7,723
331	Accounts payable - HUD PHA programs	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-
333	Accounts payable - other government	-	-	5,377	-
341	Tenant security deposits	-	70,866	35,464	23,061
342	Unearned revenue	-	14,133	13,082	4,491
343	Current portion of long-term debt - capital projects/mortgage revenue	-	60,500	98,520	85,480
344	Current portion of long-term debt - operating borrowings	-	-	-	-
345	Other current liabilities	338,987	-	-	-
346	Accrued liabilities - other	-	-	-	-
347	Inter program - due to	305,298	2,114	-	21,733
348	Loan liability - current	-	-	-	-
310	Total current liabilities	<u>672,139</u>	<u>1,878,266</u>	<u>165,096</u>	<u>153,185</u>
351	Long-term debt, net current, capital projects	-	12,440,923	3,081,155	4,724,179
352	Long-term debt, net of current - operating borrowings	-	-	-	-
353	Non-current liabilities - other	-	2,350,000	-	-
354	Accrued compensated absences - non-current	1,770	-	-	713
355	Loan liability - non-current	-	-	-	-
356	FASB 5 liabilities	-	-	-	-
367	Accrued pension and OPEB liabilities	-	-	-	-
350	Total non-current liabilities	<u>1,770</u>	<u>14,790,923</u>	<u>3,081,155</u>	<u>4,724,892</u>
300	Total liabilities	<u>673,909</u>	<u>16,669,189</u>	<u>3,246,251</u>	<u>4,878,077</u>
400	Deferred inflows of resources				
508.4	Net investment in capital assets	5,714	18,026,935	2,847,894	2,466,073
511.1	Restricted net position	114,188	2,042,714	570,443	743,584
512.1	Unrestricted net position	<u>(196,301)</u>	<u>(3,634,351)</u>	<u>381,227</u>	<u>(27,682)</u>
513	Total equity / net position	<u>(76,399)</u>	<u>16,435,298</u>	<u>3,799,564</u>	<u>3,181,975</u>
600	Total liab., def'd inflows resources, equity/net position	<u>\$ 597,510</u>	<u>\$ 33,104,487</u>	<u>\$ 7,045,815</u>	<u>\$ 8,060,052</u>

December 31, 2019

14.896 Family Self Sufficiency	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	COCC	Subtotal	Eliminating Entries	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	39,239	-	83,472	-	83,472
-	-	-	-	-	-	-
4,672	1,832	14,615	25,033	91,130	-	91,130
10,745	3,069	3,233	46,694	133,587	-	133,587
-	-	-	-	-	-	-
-	-	487	-	1,631,010	(1,521,023)	109,987
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	5,377	-	5,377
-	-	-	-	129,391	-	129,391
-	-	-	-	31,706	-	31,706
-	1,725	2,523	-	248,748	-	248,748
-	-	-	-	-	-	-
-	-	2,964	-	341,951	-	341,951
-	-	-	-	-	-	-
-	39,091	28,819	151,363	548,418	(548,418)	-
-	-	1,059,872	-	1,059,872	-	1,059,872
15,417	45,717	1,151,752	223,090	4,304,662	(2,069,441)	2,235,221
-	167,294	859,425	-	21,272,976	(5,873,120)	15,399,856
-	-	-	-	-	-	-
-	-	-	-	2,350,000	(2,350,000)	-
1,194	-	359	5,188	9,224	-	9,224
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,194	167,294	859,784	5,188	23,632,200	(8,223,120)	15,409,080
16,611	213,011	2,011,536	228,278	27,936,862	(10,292,561)	17,644,301
-	-	-	-	-	-	-
-	2,474,707	684,217	-	26,505,540	5,873,120	32,378,660
-	215,130	100,526	6,019	3,792,604	-	3,792,604
-	(30,129)	14,534,007	141,504	11,168,275	(6,640,145)	4,528,130
-	2,659,708	15,318,750	147,523	41,466,419	(767,025)	40,699,394
\$ 16,611	\$ 2,872,719	\$ 17,330,286	\$ 375,801	\$ 69,403,281	\$ (11,059,586)	\$ 58,343,695

Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.1 Discrete Component Units	10.427 Rural Assistance Programs	2 State / Local
70300	Net tenant rental revenue	\$ -	\$ 1,784,822	\$ 841,018	\$ 818,144
70400	Tenant revenue - other	-	8,820	5,020	2,810
70500	Total tenant revenue	-	1,793,642	846,038	820,954
70600	HUD PHA operating grants	5,963,064	-	-	-
70610	Capital grants	-	-	-	-
70710	Management fee	-	-	-	-
70720	Asset management fee	-	-	-	-
70730	Bookkeeping fee	-	-	-	-
70740	Front line service fee	-	-	-	-
70750	Other fees	-	-	-	-
70700	Total fee revenue	5,963,064	-	-	-
70800	Other government grants	-	505,072	567,634	-
71100	Investment income - unrestricted	-	5,004	175	824
71200	Mortgage interest income	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-
71310	Cost of sale of assets	-	-	-	-
71400	Fraud recovery	678	-	-	-
71500	Other revenue	220,936	28,502	38,498	11,448
71600	Gain or loss on sale of capital assets	-	-	-	-
72000	Investment income - restricted	-	3,771	151	-
70000	Total revenue	\$ 6,184,678	\$ 2,335,991	\$ 1,452,496	\$ 833,226

14.870 Resident Opp and Supp Services	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	COCC	Subtotal	Eliminating Entries	Total
\$ -	\$ 62,987	\$ -	\$ -	\$ 3,506,971	\$ -	\$ 3,506,971
-	-	20,949	-	37,599	-	37,599
-	62,987	20,949	-	3,544,570	-	3,544,570
-	-	-	-	5,963,064	-	5,963,064
-	-	-	-	-	-	-
-	-	-	44,443	44,443	(44,443)	-
-	-	-	458,763	458,763	(458,763)	-
-	-	-	191,512	191,512	(191,512)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	694,718	6,657,782	(694,718)	5,963,064
115,967	113,400	27,867	-	1,329,940	-	1,329,940
-	-	677,883	4	683,890	(677,813)	6,077
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	678	-	678
62,980	99	218,414	124,824	705,701	(128,857)	576,844
-	-	-	-	-	-	-
-	-	-	-	3,922	-	3,922
<u>\$ 178,947</u>	<u>\$ 176,486</u>	<u>\$ 945,113</u>	<u>\$ 819,546</u>	<u>\$ 12,926,483</u>	<u>\$ (1,501,388)</u>	<u>\$ 11,425,095</u>

Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Discrete Component Units	10.427 Rural Assistance Programs	2 State / Local
91100	Administrative salaries	280,301	161,157	105,906	37,405
91200	Auditing fees	5,935	45,951	7,893	2,596
91300	Management fee	108,080	204,471	120,784	39,696
91310	Bookkeeping fee	81,060	62,720	30,192	16,260
91400	Advertising and marketing	560	2,139	5,290	623
91500	Employee benefits contributions - administrative	97,582	51,848	35,516	12,697
91600	Office expenses	56,756	131,476	38,376	35,594
91700	Legal expenses	3,571	29,062	18,236	5,643
91800	Travel	62	89	101	57
91900	Other	-	685	231	-
91000	Total operating - administrative	633,907	689,598	362,525	150,571
92000	Asset management fee	-	13,268	15,000	9,050
92100	Tenant services - salaries	-	-	-	-
92200	Relocation costs	-	-	-	-
92300	Employee benefits contributions - tenant services	-	-	-	-
92400	Tenant services - other	-	-	-	-
92500	Total tenant services	-	-	-	-
93100	Water	-	107,715	132,898	42,692
93200	Electricity	-	58,643	20,215	18,856
93300	Gas	-	11,428	1,219	-
93400	Fuel	-	-	-	-
93500	Labor	-	-	-	-
93600	Sewer	-	124,817	137,804	44,287
93700	Employee benefit contributions - utilities	-	-	-	-
93800	Other utilities expense	-	65,041	61,366	20,309
93000	Total utilities	-	367,644	353,502	126,144
94100	Ordinary maintenance and operations - labor	10,835	166,994	180,158	63,415
94200	Ordinary maintenance and operations - materials and other	2,879	57,150	59,615	22,641
94300	Ordinary maintenance and operations contracts	104,008	208,803	155,624	104,373
94500	Employee benefit contributions - ordinary maintenance	1,775	54,861	59,745	15,843
94000	Total maintenance	119,497	487,808	455,142	206,272
95100	Protective services - labor	-	-	-	-
95200	Protective services - other contract costs	-	3,700	12	2,090
95300	Protective services - other	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-
95000	Total protective services	-	3,700	12	2,090
96110	Property insurance	890	38,770	33,769	16,070
96120	Liability insurance	2,481	26,717	4,549	1,973
96130	Workmen's compensation	-	-	-	-
96140	All other insurance	-	-	-	-
96100	Total insurance premiums	3,371	65,487	38,318	18,043

14.896 Family Self Sufficiency	10.405 Farm Labor Housing Loans and Grants	1 Business Activities	COCC	Subtotal	Eliminating Entries	Total
-	1,629	65,807	538,128	1,190,333	-	1,190,333
-	417	-	5,640	68,432	-	68,432
-	4,800	-	-	477,831	(458,763)	19,068
-	1,280	-	-	191,512	(191,512)	-
-	535	1,195	149	10,491	-	10,491
-	8,198	52,886	141,195	399,922	-	399,922
-	20,249	16,074	30,905	329,430	(63,989)	265,441
-	304	9,369	17,169	83,354	-	83,354
-	42	39	96	486	-	486
-	-	16,188	-	17,104	-	17,104
-	37,454	161,558	733,282	2,768,895	(714,264)	2,054,631
-	7,125	-	-	44,443	(44,443)	-
115,628	-	86,395	-	202,023	-	202,023
-	-	-	-	-	-	-
35,532	-	31,606	-	67,138	-	67,138
-	-	-	-	-	-	-
151,160	-	118,001	-	269,161	-	269,161
-	6,248	570	3,153	293,276	-	293,276
-	14,853	3,575	6,368	122,510	-	122,510
-	-	304	3,927	16,878	-	16,878
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6,191	-	889	313,988	-	313,988
-	-	-	-	-	-	-
-	3,173	12	1,517	151,418	-	151,418
-	30,465	4,461	15,854	898,070	-	898,070
-	30,925	245	73,028	525,600	-	525,600
-	6,653	1,579	169	150,686	-	150,686
-	15,073	10,867	34,766	633,514	(64,868)	568,646
-	4,282	760	25,254	162,520	-	162,520
-	56,933	13,451	133,217	1,472,320	(64,868)	1,407,452
-	-	-	-	-	-	-
-	1,906	408	2,157	10,273	-	10,273
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,906	408	2,157	10,273	-	10,273
-	3,149	-	1,235	93,883	-	93,883
-	438	-	1,116	37,274	-	37,274
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,587	-	2,351	131,157	-	131,157

Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Discrete Component Units	10.427 Rural Assistance Programs	2 State / Local
96200	Other general expenses	143,627	-	1,980	(16,500)
96210	Compensated absences	-	-	-	-
96300	Payments in lieu of taxes	-	3,647	4,878	1
96400	Bad debt - tenant rents	-	18,462	30,249	6,708
96800	Severance expense	-	-	-	-
96000	Total other general expenses	143,627	22,109	37,107	(9,791)
96710	Interest of mortgage (or bonds) payable	-	683,244	35,996	129,775
96720	Interest on notes payable (short and long term)	-	225,819	-	-
96730	Amortization of bond issue costs	-	-	-	-
96700	Total interest expense and amortization cost	-	909,063	35,996	129,775
96900	Total operating expense	900,402	2,558,677	1,297,602	632,154
97000	Excess of revenue over operating expenses	5,284,276	(222,686)	154,894	201,072
97100	Extraordinary maintenance	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-
97300	Housing assistance payments	5,249,567	-	-	-
97350	HAP portability-in	-	-	-	-
97400	Depreciation expense	4,311	1,096,054	364,251	272,587
97500	Fraud losses	-	-	-	-
97600	Capital outlays - governmental funds	-	-	-	-
97700	Debt principal payment - governmental funds	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-
90000	Total expenses	6,154,280	3,654,731	1,661,853	904,741
10010	Operating transfer in	-	-	-	-
10020	Operating transfer out	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-
10050	Proceeds from notes, loans and bonds	-	-	-	-
10060	Proceeds from property sales	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	-
10093	Transfers between program and project - in	-	-	-	-
10094	Transfers between program and project - out	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	\$ 30,398	\$ (1,318,740)	\$ (209,357)	\$ (71,515)

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Housing Authority of the City of Yakima

Financial Data Schedules

Line Item #	Account description	14.871 Housing Choice Vouchers	6.2 Discrete Component Units	10.427 Rural Assistance Programs	2 State / Local
11020	Required annual debt principal payments	\$ -	\$ 1,618,700	\$ 108,000	\$ 109,700
11030	Beginning equity	(106,797)	17,754,038	2,727,454	4,534,957
	Prior period adjustments, equity transfers				
11040	and corrections	-	-	1,281,467	(1,281,467)
11050	Changes in compensated absence balance	-	-	-	-
11060	Changes in contingent liability balance	-	-	-	-
	Changes in unrecognized pension transition				
11070	liability	-	-	-	-
	Changes in special term/severance benefits				
11080	liability	-	-	-	-
	Changes in allowance for doubtful accounts -				
11090	dwelling rents	-	-	-	-
	Changes in allowance for doubtful accounts				
11100	- other	-	-	-	-
11170	Administrative fee equity	(190,587)	-	-	-
11180	Housing assistance payments equity	114,188	-	-	-
11190	Unit months available	12,144	3,204	1,992	876
11210	Number of unit months leased	10,808	3,136	1,887	813
11270	Excess cash	-	-	-	-
11610	Land purchases	-	-	-	-
11620	Building purchases	-	-	-	-
11630	Furniture and equipment - dwelling purchases	-	-	-	-
	Furniture and equipment - administrative				
11640	purchases	-	-	-	-
11650	Leasehold improvements purchases	-	-	-	-
11660	Infrastructure purchases	-	-	-	-
13510	CFFP debt service payments	-	-	-	-
13901	Replacement housing factor funds	-	-	-	-

Housing Authority of the City of Yakima

Rural Assistance Programs:

Combining Financial Statements



Housing Authority of the City of Yakima

Combining Statements of Net Position – Rural Assistance Programs

	Harmony Park	USDA Indirect	Valley 7	Cosecha Court	Total
Assets					
<i>Current Assets:</i>					
Cash and cash equivalents - unrestricted	\$ 40,901	\$ -	\$ 312,383	\$ -	\$ 353,284
Accounts receivables, net of allowance	11,468	-	45,642	13,689	70,799
Prepaid expenses and other assets	(33)	-	1,978	174	2,119
	<u>52,336</u>	<u>-</u>	<u>360,003</u>	<u>13,863</u>	<u>426,202</u>
<i>Restricted Assets:</i>					
Cash and cash equivalents - other restricted	-	-	-	-	-
Cash - tenant security deposits	9,989	-	25,475	-	35,464
Investments - restricted	324,273	-	246,170	215,130	785,573
	<u>334,262</u>	<u>-</u>	<u>271,645</u>	<u>215,130</u>	<u>821,037</u>
Total current assets	<u>386,598</u>	<u>-</u>	<u>631,648</u>	<u>228,993</u>	<u>1,247,239</u>
<i>Noncurrent Assets:</i>					
Capital assets:					
Land	137,800	-	611,867	212,025	961,692
Buildings	1,561,744	-	11,718,591	2,819,347	16,099,682
Furniture, equipment and machinery - dwellings	10,050	-	142,915	249,369	402,334
Furniture, equipment and machinery - admin	-	-	-	-	-
Accumulated depreciation	(127,642)	-	(8,027,756)	(648,997)	(8,804,395)
Construction in progress	-	-	-	11,982	11,982
Total noncurrent assets	<u>1,581,952</u>	<u>-</u>	<u>4,445,617</u>	<u>2,643,726</u>	<u>8,671,295</u>
Total assets	<u>\$ 1,968,550</u>	<u>\$ -</u>	<u>\$ 5,077,265</u>	<u>\$ 2,872,719</u>	<u>\$ 9,918,534</u>

Housing Authority of the City of Yakima

Combining Statements of Net Position – Rural Assistance Programs (continued)

	Harmony Park	USDA Indirect	Valley 7	Cosecha Court	Total
Liabilities and Net Position					
<i>Current Liabilities:</i>					
Accounts payable less than 90 days	\$ -	\$ -	\$ (18,444)	\$ -	\$ (18,444)
Developer fee payable	-	-	-	-	-
Retainage payable	-	-	-	-	-
Accrued wages and payroll taxes	-	-	-	1,832	1,832
Accrued compensated absences					
current portion	4,365	-	26,732	3,069	34,166
Accrued interest payable	-	-	-	-	-
Accrued liabilities - other	-	-	-	-	-
Unearned income	1,033	-	12,049	-	13,082
Short-term note payable	-	-	-	-	-
Current portion of long term debt	6,456	-	92,064	1,725	100,245
Due to other funds	-	-	-	39,091	39,091
	<u>11,854</u>	<u>-</u>	<u>112,401</u>	<u>45,717</u>	<u>169,972</u>
<i>Payables from Restricted Assets:</i>					
Accounts payable - other government	-	-	5,377	-	5,377
Tenant security deposits	9,989	-	25,475	-	35,464
	<u>9,989</u>	<u>-</u>	<u>30,852</u>	<u>-</u>	<u>40,841</u>
Total current liabilities	<u>21,843</u>	<u>-</u>	<u>143,253</u>	<u>45,717</u>	<u>210,813</u>
<i>Noncurrent Liabilities:</i>					
Long-term debt, net of current	668,919	-	2,412,236	167,294	3,248,449
Accrued comp. absences, net of current	-	-	-	-	-
Other noncurrent liabilities	-	-	-	-	-
Total noncurrent liabilities	<u>668,919</u>	<u>-</u>	<u>2,412,236</u>	<u>167,294</u>	<u>3,248,449</u>
Total liabilities	<u>690,762</u>	<u>-</u>	<u>2,555,489</u>	<u>213,011</u>	<u>3,459,262</u>
<i>Net Position:</i>					
Net investment in capital assets	906,577	-	1,941,317	2,474,707	5,322,601
net of related debt					
Restricted for:					
Housing Assistance Payments - Section 8	-	-	-	-	-
Grantor requirements	324,273	-	246,170	215,130	785,573
Unrestricted net position	46,938	-	334,289	(30,129)	351,098
Total net position	<u>1,277,788</u>	<u>-</u>	<u>2,521,776</u>	<u>2,659,708</u>	<u>6,459,272</u>
Total liabilities and net position	<u>\$ 1,968,550</u>	<u>\$ -</u>	<u>\$ 5,077,265</u>	<u>\$ 2,872,719</u>	<u>\$ 9,918,534</u>

Housing Authority of the City of Yakima

Combining Statements of Revenues, Expenses, and Changes in Net Assets

– Rural Assistance Programs

	Harmony Park	USDA Indirect	Valley 7	Cosecha Court	Total
<i>Operating Revenue:</i>					
Net tenant rental revenue	116,589	-	724,429	62,987	\$ 904,005
Other revenue	80,606	-	525,526	113,499	719,631
Other tenant revenue	560	-	4,460	-	5,020
Total operating revenue	197,755	-	1,254,415	176,486	1,628,656
<i>Operating Expenses:</i>					
Administrative:					
Administrative wages	11,159	-	94,747	1,629	107,535
Professional fees	2,540	-	23,589	721	26,850
Employee benefit contributions	3,646	-	31,870	8,198	43,714
Other operating - administrative	35,019	-	174,955	34,031	244,005
	52,364	-	325,161	44,579	422,104
Utilities:					
Electricity	2,293	-	17,922	14,853	35,068
Other utilities expense	8,407	-	54,178	3,173	65,758
Sewer	24,904	-	112,900	6,191	143,995
Water	3,605	-	129,293	6,248	139,146
	39,209	-	314,293	30,465	383,967
Ordinary maintenance and operations:					
Contract costs	11,885	-	143,739	15,073	170,697
Employee benefit contributions	7,565	-	52,180	4,282	64,027
Maintenance and operations wages	22,114	-	158,044	30,925	211,083
Materials and other	7,791	-	51,824	6,653	66,268
	49,355	-	405,787	56,933	512,075
General expenses:					
Depreciation expense	41,180	-	323,071	102,473	466,724
Insurance premiums	4,653	-	33,665	3,587	41,905
Bad debt - tenant rents	1,367	-	28,882	-	30,249
Other general expenses	1,980	-	-	-	1,980
Protective services contract costs	1	-	11	1,906	1,918
Payments in lieu of taxes	6	-	4,872	-	4,878
	49,187	-	390,501	107,966	547,654
Total operating expenses	190,115	-	1,435,742	239,943	1,865,800
<i>Operating Income (Loss)</i>	\$ 7,640	\$ -	\$ (181,327)	\$ (63,457)	\$ (237,144)
<i>Nonoperating Revenue (Expenses):</i>					
Gain on the sale of capital assets	-	-	-	-	-
Interest expense	(11,485)	-	(24,511)	(1,722)	(37,718)
Operating transfer in (out)	1,281,467	-	-	-	1,281,467
Intergovernmental revenue	-	-	-	-	-
Investment revenue - restricted	-	-	151	-	151
Investment revenue - unrestricted	166	-	9	-	175
Total nonoperating revenue (expenses)	1,270,148	-	(24,351)	(1,722)	1,244,075
<i>Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers</i>	1,277,788	-	(205,678)	(65,179)	1,006,931
Capital grants	-	-	-	-	-
<i>Increase (Decrease) in Net Position</i>	1,277,788	-	(205,678)	(65,179)	1,006,931
<i>Net Position, Beginning of Year</i>	-	-	2,727,454	2,724,887	5,452,341
<i>Net Position, End of Year</i>	\$ 1,277,788	\$ -	\$ 2,521,776	\$ 2,659,708	\$ 6,459,272